HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
DECEMBER 18, 2013
APPLICATION SUMMARY

NAME OF PROJECT:	Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-The Highland Rim
PROJECT NUMBER:	CN1307-023
ADDRESS:	1805 N. Jackson Street, Suites 5 and 6 Tullahoma (Coffee County), Tennessee 37388
LEGAL OWNER:	Community Hospices of America-Tennessee, LLC 12 Cadillac Drive Brentwood (Williamson County), TN 37027
OPERATING ENTITY:	Not Applicable
CONTACT PERSON:	Kim H. Looney (615) 850-8722
DATE FILED:	July 5, 2013
PROJECT COST:	$28,000
FINANCING:	Cash Reserves
PURPOSE OF REVIEW:	Expansion of an existing hospice twelve (12) county service area by adding one (1) county, for a total thirteen (13) county service area

DESCRIPTION:

Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-The Highland Rim is seeking approval to initiate and expand hospice services to Lincoln County. The current service area of the applicant is Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury and Moore Counties. The Agency heard and denied at its September 2013 meeting CN1306-020 filed by the applicant to add Decatur, Hardin, Humphreys, Perry, and Wayne Counties.

STANDARDS AND CRITERIA APPLICABLE TO BOTH RESIDENTIAL AND HOSPICE SERVICES APPLICATIONS

1. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area.

   The applicant currently staffs a twelve county hospice service area. Lincoln County is surrounded from the east, north, and west of this service area. The applicant currently has employees living in Lincoln County who could provide services there. The applicant currently complies with the general guidelines and qualifications of the National Hospice and Palliative Care Organization.

   It appears this criterion has been met.

2. **Community Linkage Plan:** The applicant shall provide a community linkage plan that demonstrates factors such as, but not limited to, relationships with appropriate health care system providers/services, and working agreements with other related community services assuring continuity of care focusing on coordinated, integrated systems. Letters from physicians in support of an application shall detail specific instances of unmet need for hospice services.

   The applicant currently has working relationships in the surrounding area that includes hospitals, nursing homes, a home health agency, hospice, third party payors, and local VA clinics. The applicant intends to establish working relationships with Lincoln Medical Center, Lincoln Medical Center Home Health, and the two nursing homes in Lincoln County.

   At the time this summary was written, letters of support had been received from the Medical Director of Palliative Care, Vanderbilt Medical Center, and the pediatric palliative care coordinator for Monroe Carell Jr. Children's Hospital at Vanderbilt social worker, and a physician from Coffee Country.

   It appears this criterion has been met.

3. **Proposed Charges:** The applicant shall list its benefit level charges, which shall be reasonable in comparison with those of other similar facilities in the Service Area or in adjoining service areas.

The charges of the applicant are similar to the other three hospice providers operating in the proposed service area. A table representing the charges of all hospice providers in the proposed service area is located on page 13 of the original application. The applicant notes that its charge schedule is essentially the Medicare charge schedule

It appears this criterion has been met.

4. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area.

   The applicant will serve all residents equally in Lincoln County. The applicant will serve primarily elderly patients. Perinatal and pediatric hospice services as well as palliative hospice services will be offered. The applicant indicates these services are currently unavailable in the proposed service area.

   It appears this criterion has been met.

5. **Indigent Care.** The applicant should include a plan for its care of indigent patients in the Service Area, including:

   a. Demonstrating a plan to work with community-based organizations in the Service Area to develop a support system to provide hospice services to the indigent and to conduct outreach and education efforts about hospice services.
   b. Details about how the applicant plans to provide this outreach.
   c. Details about how the applicant plans to fundraise in order to provide indigent and/or charity care.

Indigent Outreach and educations efforts will be conducted to various groups in the service area.

Hospice Compassus has funding for indigent care built into its budget and also has a not-for-profit affiliated entity from which it can receive funds, if needed.

The Projected Data Chart of the applicant reflects the following:

- *Charity care at approximately 2.2% of total gross revenue in Year One and Year Two equaling to $2,732 and $3,278, respectively.*
- *Charity Care calculates to 0.55 cases of 25 total cases per year in Year One increasing to 0.66 cases of 30 total cases per year in Year Two.*
- *According to Hospice Compassus' 2012 Provisional Joint Annual Report, $172,625, or 2.3% of charity care was provided of $7,398,041 Total Net Revenue*

It appears this criterion has been met.

6. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. Additionally, the applicant should provide documentation that it is, or intends to be, fully accredited by the Joint Commission, the Community Health Accreditation Program, Inc., the Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for hospice services from the Centers for Medicare and Medicaid Services (CMS) or CMS licensing survey.

   Data is reported through Medicare's National Quality Review (NQR). The applicant is currently working toward accreditation by The Joint Commission.

   It appears this criterion has been met.

7. **Data Requirements:** Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

   The applicant agrees to provide all required information and data as listed above.

   It appears this criterion has been met.

8. **Education.** The applicant should provide details of its plan in the Service Area to educate physicians, other health care providers, hospital discharge planners, public health nursing agencies, and others in the community about the need for timely referral of hospice patients.

The applicant indicated it would meet with the above identified providers. Details of the frequency, duration, content or specific plan was not mentioned.

It appears this criterion has not been met.

9. **Need Formula**. The need for Hospice Services shall be determined by using the following Hospice Need Formula, which shall be applied to each county in Tennessee:

A / B = Hospice Penetration Rate

Where:

A = the mean annual number of Hospice unduplicated patients served in a county for the preceding two calendar years as reported by the Tennessee Department of Health;

and

B = the mean annual number of Deaths in a county for the preceding two calendar years as reported by the Tennessee Department of Health.

Note that the Tennessee Department of Health Joint Annual Report of Hospice defines "unduplicated patients served" as "number of patients receiving services on day one of reporting period plus number of admissions during the reporting period."

Need shall be established in a county (thus, enabling an applicant to include it in the proposed Service Area) if its Hospice Penetration Rate is less than 80% of the Statewide Median Hospice Penetration Rate and if there is a need shown for at least 120 additional hospice service recipients in the proposed Service Area.

The following formula to determine the demand for additional hospice service recipients shall be applied to each county, and the results should be aggregated for the proposed service area:

(80% of the Statewide Median Hospice Penetration Rate – County Hospice Penetration Rate) x B

Hospice Need Formula Table

County	*2010 Patient serviced*	*2012 Patients served*	*Mean (A)*		*2010 Deaths*	*2011 Deaths*	*Mean (B)*	*County Hospice Penetration Rate (C)*	*Statewide Penetration Median Rate (D)*	*Demand for Additional Service (E)*
Lincoln	*93*	*116*	*105*		*366*	*354*	*360*	*0.290*		*21*
									.0518	

Source: 2010-2011 Joint Annual Report

The hospice need formula applied to the proposed service area is as follows:

- ***A** (Mean of patient served)/**B** (Mean of 2010 and 2011 Deaths)= (**C**) County Penetration Rate*
- *.80% x (**D**) the Statewide Penetration Rate - (**C**) County Hospice Penetrations Rate x (**B**) the Mean Deaths for 2010 and 2011= (E) Demand for Additional Services*
- *There is a net need of 21 hospice recipients in Lincoln County.*

It appears this criterion is <u>partially met</u> since there is not a need for an additional 120 additional hospice service recipients in the proposed service area, although the Hospice Penetration Rate is less than 80% of the Statewide Median Penetration Rate in Lincoln County.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Hospice Compassus offers general hospice services, perinatal and pediatric hospice services, and palliative care services. According TCA §68-11-201 a hospice patient is a terminally ill patient with a life expectancy of six months or less. The National Hospice and Palliative Care Organization (NHPCO) defines hospice service as an interdisciplinary team that

- Manages the patient's pain and symptoms;
- Assists the patient with the emotional and psychosocial and spiritual aspects of dying;
- Provides needed drugs, medical supplies, and equipment;
- Coaches the family on how to care for the patient;
- Delivers special services like speech and physical therapy when needed;
- Makes short-term inpatient care available when pain or symptoms become too difficult to manage at home, or the caregiver needs respite time; and
- Provides bereavement care and counseling to surviving family and friends.

Palliative care services are for patients suffering chronic conditions such as congestive heart failure and chronic obstructive pulmonary disease (COPD). The goal of the palliative care program is to improve quality of life through maintenance of and, where possible, improvement of the condition. This program is targeted to patients with chronic illnesses that have greater than a six month life expectancy so that they are not yet candidates for hospice services. Many of these patients' conditions deteriorate to the extent that the patient will require hospice services.

The applicant is requesting the addition of Lincoln County to its service area. Lincoln County is currently surrounded to the north, east, and west by counties in the existing service area which include: Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore Counties. Lincoln County is bordered by the state of Alabama to its south. The

main office of Hospice Compassus is located at 1805 N. Jackson Street, Suite 5 and 6, Tullahoma (Coffee County), TN. A branch office of Hospice Compassus is located in Lawrenceburg (Lawrence County), Tennessee. The applicant notes that the driving time and distance from Tullahoma to Fayetteville (the County Seat of Lincoln County) is 37 minutes and 28 miles.

The applicant also filed CN1306-020, which was heard by the Agency at the September, 2013 Agency meeting to expand Hospice Compassus' service area to the west by adding Decatur, Hardin, Humphreys, Perry, and Wayne Counties. The Agency voted to deny the application.

An overview of the project is provided in the Executive Summary of the original application.

The applicant had hoped to open by December 1, 2013; however with this application being deferred 60 days and not being heard until December 2013, the applicant, if approved, will not be able to provide hospice services in Lincoln County until 2014. The application was deferred so the applicant could obtain clarification on whether the minimum 120 additional hospice service recipient requirement of the hospice criteria and standards applied to both a new hospice agency and an existing hospice agency.

Ownership

Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-The Highland Rim is wholly-owned by Community Hospices of America-Tennessee, LLC. Community Hospices of America-Tennessee, LLC is an active member managed Tennessee registered Limited Liability Company that was formed in December 2005.

Need

The applicant seeks to deliver general hospice services, perinatal and pediatric hospice services, and palliative care services to residents of Lincoln County. The rationale for this project includes:

- Perinatal and pediatric hospice services as well as palliative care services are not currently available in Lincoln County
- The exclusion of Lincoln County from the current service area leaves a gap in the service area.

Service Area Demographics

Hospice Compassus-The Highland Rim's declared service area is for the addition of Lincoln County to its existing service area.

- The total population of the service area is estimated at 33,979 residents in calendar year (CY) 2013 increasing by approximately 4.0% to 35,340 residents in CY 2017.
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The 65 and older population will decrease from 15.6% of the general population in 2013 to 14.1% in 2017. The statewide 65 and older population will increase from 14.5% in 2013 of the general population to 15.8% in 2017. Lincoln County's Age 65+ population is expected to decrease 6.1% between 2013 and 2017. The statewide Age 65+ population is projected grow 12.8% during the same timeframe.
- The latest 2013 percentage of the proposed service area population enrolled in the TennCare program is approximately 18.4%, as compared to the statewide enrollment proportion of 18.3%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

The trend of hospice patients served in Lincoln County is presented in the table below:

County	#Agencies Licensed to Serve (2012)	#Agencies that Served (2012)	2010 Hospice Patients	2011 Hospice Patients	2012 Hospice Patients	'10-'12 % Change
Lincoln	3	3	*93	*116	*107	+15.1%

Source: 2010-2012 Hospice Joint Annual Report and DOH Licensure Applicable Listings
**Unduplicated Count*

- The chart above demonstrates there has been an increase of 15.1% in hospice patients served in Lincoln County between 2010 and 2012. Hospice patient utilization actually declined between 2011 and 2012.

The chart on the following page reveals the following information:

- Avalon Hospice, Caris Healthcare, and Lincoln Medical Home Health & Hospice are licensed to serve in Lincoln County and have served patients 2010-2012.
- Avalon and Lincoln Medical experienced some increase in patient volumes between 2010 and 2012 while Caris Healthcare experienced a decline in volume in Lincoln County.

2010-2012 HOSPICE UTILIZATION TRENDS-LINCOLN COUNTY

Agency/Home County	*2010 Patients*	*2011 Patients*	*2012 Patients*	*2010-2012 % change*
Avalon Hospice (Davidson)	9	46	25	+178%
Caris Healthcare (Davidson)	23	10	12	-47.8%
Lincoln Med HH & Hospice (Lincoln)	61	60	70	+14.8%
Total	**93**	**116**	**107**	**+15.1%**

Source: 2012 Joint Annual Report

Hospice Market Share of Service Area/Agency

2012 Hospice Agency Service Market Share and Patient Origin

Agency/County	Agency Patients From Service Area	% Market Share	Total Patients Served	% Dependence on Lincoln County
Avalon Hospice (Davidson)	25	23.4%	1001	2.5%
Caris Healthcare (Davidson)	12	11.2%	830	1.4%
Lincoln Med HH & Hospice	70	65.4%	70	100.0%
TOTAL COUNTY	**107**	**100.0%**	**1901**	**5.6%**

Source: 2012 Joint Annual Report

The chart above reveals the following market share information:

- Lincoln Medical Home Health & Hospice had the largest market share of just over 65%.
- Avalon and Caris had minimal dependence on patient volumes from Lincoln County while Lincoln Medical Home Health and Hospice was 100% dependent on patient volumes from Lincoln County.

Hospice Compassus market share in the counties in which the hospice is currently licensed is displayed in the following table:

2012 Hospice Compassus Market Share by County

County	Hospice Compassus Patients	Total County Patients	% Market Share
Bedford	81	133	60.9%
Cannon	4	59	6.8%
Coffee	158	240	65.8%
Franklin	83	287	28.9%
Giles	39	146	26.7%
Grundy	9	102	8.8%
Hickman	43	93	46.2%
Lawrence	68	187	36.4%
Lewis	14	38	36.8%
Marshall	36	113	31.9%
Maury	177	361	49.0%
Moore	14	18	77.8%

The chart above reveals the following information:

- Hospice Compassus has market share greater than 60% in three of the twelve counties it currently serves
- It has market share in the 30-50% range in five counties
- It has market share in the 20-30% range in two counties
- It has less than 10% market share in two counties

Project Utilization

- Twenty-five (25) patients with an average daily census (ADC) of 2.5 patients is projected in Year One of the proposed project increasing to thirty (30) patients with an ADC of 3.0 patients in Year Two. The average projected length of stay of 36 days is based on analysis of Lincoln County and the applicant's current experience in the surrounding counties.

Project Cost

- Total project cost is $28,000. The costs are legal/administrative/consultant fees of $25,000 and a $3,000 filing fee.

Historical Data Chart

- According to the Historical Data Chart, Hospice Compassus experienced profitable net operating results for the three most recent years reported: $522,246 for 2010; $1,140,329 for 2011; and $1,566,847 for 2012.

- Average annual Net Operating Income (NOI) was favorable at approximately 22.5% of annual net operating revenue for the year 2012.

Projected Data Chart

The Projected Data Chart reflects $124,173.00 in total gross revenue on 25 cases during the first year of operation and $149,007 on 30 cases in Year Two (approximately $4,967 per case). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal $10,347 in Year One increasing to $27,464 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach $145,252 or approximately 97.5% of total gross revenue in Year Two.
- Charity care at approximately 2.2% of total gross revenue in Year One and Year Two equaling to $2,732 and $3,278, respectively.
- Charity Care calculates to 0.55 cases per year in Year One increasing to 0.66 cases per year in Year Two.

Charges

In Year One of the proposed project, the average charge per case is as follows:

- The proposed average gross charge is $4,967/case
- The average deduction is $125/case, producing an average net charge of $4,842/case.

Medicare/TennCare Payor Mix

- TennCare- Charges will equal $17,384 in Year One representing 14% of total gross revenue
- Medicare- Charges will equal $97,972 in Year One representing 78.9% of total gross revenue

Financing

A March 14, 2013 letter from Tony James, Chief Financial Officer of CLP Healthcare Services, Inc. confirms the applicant has sufficient cash reserves to finance the proposed project.

The applicant's unaudited financial statements for the period ending December 31, 2012 indicates $6,942,663 in cash and cash equivalents, total current assets of $28,556,247, total current liabilities of $21,618,474 and a current ratio of 1.32:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities

with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

- .50 FTE Registered Nurse and
- .25 FTE Home Health Aides and
- .10 FTE Social Workers

Licensure/Accreditation

Hospice Compassus is licensed by the Tennessee Department of Health, Division of Health Care Facilities. A letter dated April 23, 2010 from the Tennessee Department of Health, Office of Health Licensure and Regulation, states Hospice Compassus was in compliance in all areas as a result of recertification survey completed on April 12-14, 2010.

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, pending applications, or outstanding Certificates of Need for this applicant.

Denied Applications

Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-the Highland Rim, CN1306-020, was denied at the September 25, 2013 Agency meeting. The application was for the addition of Decatur, Hardin, Humphreys, Perry, and Wayne Counties to the service area of Hospice Compassus which is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury and Moore counties. Estimated project cost was **$63,000**. *Reason for Denial: There is a lack of need in the service area.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
11/12/2013

LETTER OF INTENT

2013 JUL 2 PM 3 48

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Elk Valley Times (Name of Newspaper) which is a newspaper of general circulation in Lincoln (County), Tennessee, on or before July 5 (Month / day), 20 13 (Year), for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Hospice Compassus-The Highland Rim (Name of Applicant), a hospice provider (Facility Type-Existing)

owned by: Community Hospices of America-Tennessee, LLC with an ownership type of limited liability company

and to be managed by: itself intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: to initiate hospice services in Lincoln County. Hospice Compassus is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. The home office is located at 1805 N. Jackson St., Suites 5&6, Tullahoma, TN 3788. The cost of this project is expected to be approximately $28,000.

The anticipated date of filing the application is: July 5, 2013

The contact person for this project is Kim H. Looney (Contact Name), Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name), 511 Union Street, Suite 2700 (Address)

Nashville (City), TN (State), 37219 (Zip Code), 615-850-8722 (Area Code / Phone Number)

Kim H. Looney / by (with permission) (Signature), July 2, 2013, 2013 (Date), kim.looney@wallerlaw.com (E-mail Address)

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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HF0051 (Revised 05/03/04 -- all forms prior to this date are obsolete)

ORIGINAL APPLICATION

1. ***Name of Facility, Agency, or Institution***

Community Hospices of America - Tennessee, LLC d/b/a Hospice Compassus - The Highland Rim
Name

2013 JUL 5 PM 3 53

1805 N. Jackson Street, Suites 5 and 6 — Coffee
Street or Route — County

Tullahoma — TN — 37388
City — State — Zip Code

2. ***Contact Person Available for Responses to Questions***

Kim H. Looney — Attorney
Name — Title

Waller Lansden Dortch & Davis, LLP — kim.looney@wallerlaw.com
Company Name — Email address

Suite 2700, 511 Union Street — Nashville TN — 37219
Street or Route — City — State — Zip Code

Attorney — 615-850-8722 — 615-244-6804
Association with Owner — Phone Number — Fax Number

3. ***Owner of the Facility, Agency or Institution***

Community Hospices of America - Tennessee, LLC — 615-425-5406
Name — Phone Number

12 Cadillac Drive, Suite 360 — Williamson
Street or Route — County

Brentwood — TN — 37027
City — State — Zip Code

4. ***Type of Ownership of Control (Check One)***

A.	Sole Proprietorship		F.	Government (State of TN or Political Subdivision)	
B.	Partnership		G.	Joint Venture	
C.	Limited Partnership		H.	Limited Liability Company	x
D.	Corporation (For Profit)		I.	Other (Specify)	
E.	Corporation (Not-for-Profit)				

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: Hospice Compass is a wholly owned subsidiary of Community Hospices of America, Inc. (Delaware), which is a wholly owned subsidiary of CLP Healthcare Services, Inc. (Delaware). Hospice Compassus does not own any other health care institutions in Tennessee. Please see organizational documents included as Attachment A-4.

5. ***Name of Management/Operating Entity*** ***(If Applicable)***

N/A
Name

2013 JUL 5 PM 3 53

Street or Route

County

City

State

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A.	Ownership		D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify) _____	
C.	Lease of Five (5) Years	x			

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: Please see Lease for the applicant's main office included as Attachment A-6.

7. ***Type of Institution*** ***(Check as appropriate--more than one response may apply)***

A.	Hospital (Specify) _____		I.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		J.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		K.	Recuperation Center	
D.	Home Health Agency		L.	Rehabilitation Facility	
E.	Hospice	x	M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment Facility		O.	Birthing Center	
H.	Mental Retardation Institutional Habilitation Facility (ICF/MR)		P.	Other Outpatient Facility (Specify) _____	
			Q.	Other (Specify) _____	

8. ***Purpose of Review*** ***(Check) as appropriate--more than one response may apply)***

A.	New Institution		H.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*]	
B.	Replacement/Existing Facility				
C.	Modification/Existing Facility				
D.	Initiation of Health Care Service as defined in TCA § 68-11-1607(4)	x	I.	Change of Location	
E.	(Specify) Hospice	x	J.	Other (Specify) _____	
F.	Discontinuance of OB Services				
G.	Acquisition of Equipment				

9. **Bed Complement Data**
Please indicate current and proposed distribution and certification of facility beds.

Response: N/A

	Current Beds Licensed	Current Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

*CON-Beds approved but not yet in service

10. **Medicare Provider Number** 441570
Certification Type Hospice

11. **Medicaid Provider Number** 0441570
Certification Type Hospice

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** N/A

EXECUTIVE SUMMARY

COMMUNITY HOSPICES OF AMERICA - TENNESSEE, LLC D/B/A HOSPICE COMPASSUS-THE HIGHLAND RIM

1. **Services:** Initiation of hospice services in Lincoln County, Tennessee.

2. **Ownership Structure:** The applicant, Community Hospices of America - Tennessee, LLC d/b/a Hospice Compassus - The Highland Rim (Hospice Compassus), is wholly-owned by Community Hospices of America - Tennessee, LLC.

4. **Project Cost:** The total project costs are $28,000.

5. **Funding:** Funding for this project is expected to be provided by Hospice Compassus, from its cash reserves.

6. **Service Area:** Lincoln County, Tennessee

7. **Staffing:** In the first and second years of operation, the applicant anticipates utilizing its existing staff as follows: Registered Nurse - 0.50 FTE, Social worker - 0.10 FTE, and Home Health Aide - 0.25 FTE. The applicant will add additional staffing as required.

8. **Financial Feasibility:** The costs of the project are reasonable and do not include any capital expenditures. The applicant expects to generate a positive net income in the first two years of operation.

9. **Need:** The applicant provides both general and specialized hospice services in all of the counties surrounding Lincoln County. The vast majority (almost 79%) of its patients are Medicare beneficiaries, and it provides a substantial amount of indigent care to patients that may not otherwise have access to quality hospice services.

   Hospice Compassus offers perinatal and pediatric hospice services, and is developing a palliative care hospice program, that no other licensed hospice provider in Lincoln County currently offers. The applicant routinely receives requests from providers serving residents of Lincoln County for referrals for both general and specialized hospice services for Lincoln County residents. The specialty services are currently not available in Lincoln County.

   The applicant's hospice and palliative care services should also assist hospitals in reducing the number of hospital admissions and days, ICU admission and days, 30 day hospital readmissions and in-hospital deaths, as supported by a study performed by Mount Sinai's Icahn School of Medicine, published in *Health Affairs* in March 2013. This will have a significant impact on hospital reimbursement, alleviating the negative impact on reimbursement that results from extended stays and frequent readmissions.

   As the application and the state need formula for hospice services demonstrate, there is a need for general and specialized hospice and palliative care services in Lincoln County. Hospice Compassus is well-qualified to meet this need and can begin providing those services for minimal cost. Hospice Compassus already has

an established administrative infrastructure and staffing model that operates in the surrounding counties. The applicant anticipates only minimal impact, if any, on existing providers. The hospice that provides the majority of services in Lincoln County is owned by the hospital, which also owns two nursing homes. The applicant anticipates these referral patterns will not change as a result of the approval of this application.

13. ***Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.*** **Will this project involve the treatment of TennCare participants? Yes. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

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Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Response: The applicant contracts with all of the Medicaid HMOs in the area: AmeriChoice, UnitedHealthcare Community Plan, and VHPN. It also contracts with several commercial plans, including, but not limited to, BlueCross BlueShield, Cigna, Aetna, and United Healthcare.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: Please see Executive Summary included as Attachment B-I.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only

complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response: The applicant seeks approval to deliver hospice services to residents of Lincoln County, Tennessee. Hospice Compassus is currently licensed and provides services in the Tennessee counties of Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury and Moore. These counties surround Lincoln County. The applicant regularly receives requests for hospice services for residents of Lincoln County that it is unable to provide because it is not currently licensed in Lincoln County.

In addition to providing general hospice services, Hospice Compassus provides perinatal and pediatric hospice services, and is developing a palliative care program. No other hospice service provider licensed in Lincoln County provides similar services. As evidenced in this application, Lincoln County residents need the type of hospice services offered by the applicant.

Thus, Hospice Compassus requests that the Tennessee Health Services and Development Agency approve this application for the expansion of its existing service area to include hospice services to Lincoln County residents.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: Not applicable.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
B. Unit/Depart. GSF Sub-Total										
C. Mechanical/ Electrical GSF										
D. Circulation/ Structure GSF										
E. Total GSF										

Response: Not applicable.

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C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. **Hospice Services**
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response: The applicant seeks to deliver hospice services to residents of Lincoln County, Tennessee. In addition to providing general hospice services, Hospice Compassus offers perinatal and pediatric hospice services, as is developing a palliative care services program. These specialized services are particularly important because they are currently unavailable to residents of Lincoln County. The applicant would be able to fill a need for services that is not being met, should this application be approved.

Hospice Compassus currently provides services to all of the Tennessee counties surrounding Lincoln County, including Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury and Moore, but is unable to respond to the requests for service that it regularly receives for residents of Lincoln County. For example, the applicant recently received three (3) referrals for hospice services from Huntsville Hospital that it could not accept because the patients resided in Lincoln County. The applicant desires to provide high quality hospice services to residents of Lincoln County, but also desires to provide services there because Lincoln County represents a gap in its service area. It does not make sense from a business perspective for the applicant not to provide hospice services in Lincoln County. Obtaining authority to operate in Lincoln County would allow Hospice Compassus to begin providing both general and specialized hospice services to residents of Lincoln County, thereby satisfying the current unmet need for such services and providing residents of Lincoln County with access to specialized, high quality hospice care, as well as fill in the gap in its current service area.

D. Describe the need to change location or replace an existing facility.

Response: Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

   a. Describe the new equipment, including:

      1. Total cost ;(As defined by Agency Rule).
      2. Expected useful life;
      3. List of clinical applications to be provided; and
      4. Documentation of FDA approval.

      Response: Not applicable.

   b. Provide current and proposed schedules of operations.

      Response: Not applicable.

2. For mobile major medical equipment:

   a. List all sites that will be served;

   b. Provide current and/or proposed schedule of operations;

   c. Provide the lease or contract cost.

   d. Provide the fair market value of the equipment; and

   e. List the owner for the equipment.

   Response: Not applicable.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

   Response: Not applicable.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**

1. Size of site (***in acres***);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Response: Please see attached copy of the plot plan for the applicant's main office included as Attachment B.III(A). The office is located on a 3.5 acre site.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: Not applicable. For the provision of hospice services, the applicant will treat patients in their homes so patients will not be required to travel in order to receive services. The applicant currently has employees living in Lincoln County and it is anticipated that these employees would provide services to Lincoln County hospice patients if this application is approved. The applicant's main office is located at 1805 N. Jackson Street, Suites 5 and 6, Tullahoma, TN 37388, and it has branch offices at 1412 Trotwood Ave., Suite 5, Columbia, TN 38401, and at 726 N. Locust Ave., 2nd Floor, Suite B, Lawrenceburg, TN 38464.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

Response: Please see attached floor plans included as Attachment B.IV. The document labeled "Emergency Exit Map" represents the floor plan of the applicant's main administrative office located at 1805 N. Jackson Street, Suites 5 and 6, Tullahoma, TN 37388. The second document represents the floor plan of the applicant's office space for clinical staff and document storage located at Suites 9 and 10 of the same address.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;

   Response: Hospice Compassus currently provides services in the following Tennessee counties: Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury and Moore.

2. Proposed service area by County;

   Response: Lincoln County

3. A parent or primary service provider;

   Response: Hospice Compassus is owned by Community Hospices of America - Tennessee, LLC, located at 12 Cadillac Drive, Suite 360, Brentwood, TN 37207.

4. Existing branches; and

   Response: Hospice Compassus' main administrative office is located at 1850 N. Jackson St., Suites 5 and 6, Tullahoma, TN 37388. Hospice Compassus has branch offices located at 1412 Trotwood Ave., Suite 5, Columbia, TN 38401, and at 726 N. Locust Ave., 2nd Floor, Suite B, Lawrenceburg, TN 38464. The average driving time from Tullahoma to Fayetteville is 37 minutes and the distance is approximately 28 miles, according to Mapquest.

5. Proposed branches.

Response: No additional branches are proposed as part of this project.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper*. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS
NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

   a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

      Response: Following are the recently revised criteria for the initiation of hospice services.

Need:

Standards and Criteria Applicable to Both Residential and Hospice Services Applications

1. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. In this regard, an applicant should demonstrate its willingness to comply with the general staffing guidelines and qualifications set forth by the National Hospice and Palliative Care Organization

   Response: The applicant is already operating in all of the counties surrounding Lincoln County, so its infrastructure, including administrative services and staffing, is already in place and operational. The applicant has a main office in Tullahoma, a branch office in Columbia, and recently opened a new branch office in Lawrenceburg, Tennessee that will all provide support for Lincoln County if this application is approved. The applicant

currently has employees living in Lincoln County and it is anticipated that these employees would provide services to Lincoln County hospice patients if this application is approved.

The applicant proposes to provide the following staff at the outset of its provision of services to Lincoln County, and will increase its nursing staff as the number of patients served increases. The applicant's current staffing model calls for fourteen (14) patients per one (1) registered nurse (RN). The applicant projects that it will receive twenty-five (25) referrals for hospice care in Lincoln County in its first year of operation there, resulting in an average daily census of 2.5 patients. Pursuant to the applicant's staffing model, this results in a need for 0.50 FTE to treat those patients. Two (2) full-time RN employees of the applicant currently reside in Lincoln County, so the applicant will easily be able to accommodate the needs of its patients in Lincoln County. The applicant is also planning on staffing 0.25 FTE home health aides and 0.10 FTE social workers to provide services to Lincoln County residents during the first two (2) years of its operation there. As with RNs, the applicant can absorb this need using its current staff, and will add additional staff as the utilization of hospice services in Lincoln County increases.

The applicant currently complies with the general staffing guidelines and qualifications set forth by the National Hospice and Palliative Care Organization and will continue to do so if Lincoln County is added.

According to the National Hospice and Palliative Care Organization, "the Staffing Guidelines for Hospice Home Care Teams is based on the recognition of the current diverse nature of hospice care and allows for individualization of staffing caseloads according to the organizational and environmental characteristics specific to each hospice, in much the same way hospices individualize patient care. The Staffing Guidelines for Hospice Home Care Teams utilizes an assessment process to estimate optimal staffing levels for hospice programs that includes an analysis of the model of care delivery, characteristics of the patient population served, environmental considerations, and other circumstances unique to each hospice. It is important to keep in mind that no one "best standard" regarding hospice staffing caseloads currently exists. The primary consideration that should be used by a hospice to determine optimal staffing caseloads is the hospice's ability to meet the needs of patients and families through appropriate use of resources and achieving the quality goals set by the hospice program."

The substantive portions of the Staffing Guidelines are broken out into three main sections: Preparation, Analysis, and Evaluation.

Preparation requires providers to review the National Summary of Hospice Care tables and compare their current staffing caseloads to national statistics; review the description and table of Care Model Factors to Consider for Staffing Caseloads; review the list of Other Factors to Consider for Staffing Caseloads; and review examples of completed Worksheets 1 and 2 for three hospice programs. Hospice Compassus completed each of these steps in preparation for beginning the staffing analysis process and, thus, has satisfied the Preparation portion of the Staffing Guidelines.

Analysis requires providers to complete worksheets using the provider's statistics and information to determine whether the provider should consider staffing caseloads that are smaller or larger than national norms based upon how the provider's organizational characteristics compare to national norms and how other organizational and environmental factors apply to the provider. Specifically, providers must assemble their

hospice's data and compare their current staffing caseloads to national caseload statistics and complete the following two worksheets: (1) Factors Associated with Care Delivery Models and (2) Other Factors to Consider for Staffing Caseloads. Hospice Compassus gathered all of the required data and performed the required comparisons to national caseload statistics, and completed the two required worksheets. Thus, Hospice Compassus has satisfied the Analysis portion of the Staffing Guidelines.

Finally, Evaluation assists providers with ongoing evaluation and includes a discussion of the Quality Assessment and Performance Improvement process (QAPI), the Family Evaluation of Hospice Care (FEHC), and other performance measurement tools that providers can utilize. Hospice Compassus utilized the QAPI process to evaluate the effectiveness of staffing changes undertaken after it completed the Staffing Guidelines analysis, and periodically repeats the Staffing Guidelines analysis at appropriate intervals to continuously monitor its comparative performance and to assure continued high quality patient care and high levels of staff performance and well-being. Hospice Compassus has complied with the Evaluation portion of the Staffing Guidelines.

Hospice Compassus has also reviewed each of the Hospice Program staffing analysis examples provided by the National Hospice and Palliative Care Organization.

Hospice Compassus currently meets and will continue to meet each of the National Hospice and Palliative Care Organization's Staffing Guidelines and qualifications.

2. **Community Linkage Plan:** The applicant shall provide a community linkage plan that demonstrates factors such as, but not limited to, relationships with appropriate health care system providers/services, and working agreements with other related community services assuring continuity of care focusing on coordinated, integrated systems. Letters from physicians in support of an application shall detail specific instances of unmet need for hospice services.

Response: The applicant currently has contractual and/or working relationships with the following providers: St. Jude Children's Research Hospital, Vanderbilt University Medical Center, Vanderbilt Children's Hospital, Baptist Medical Center, Centennial Medical Center, Maury Regional Hospital, St. Thomas Hospital, Willowbrook Hospice, Hillside Hospital, Crockett Hospital, Hickman Community Hospital, Elk Valley Home Health, United Healthcare HMO, Amerigroup HMO, BlueCross BlueShield, United Healthcare, Aetna, Cigna, Healthspring HMO, Huntsville Hospital, and local Veterans Administration clinics.

The applicant plans to establish working relationships with numerous providers in Lincoln County in order to ensure the availability of the services it provides to Lincoln County residents. It anticipates establishing such relationships with Lincoln Medical Center, Lincoln Medical Center Home Health, Lincoln Donelson Care Center, and Fayetteville Care and Rehabilitation Center, as well as numerous physician providers.

The applicant has had great success with its specialized hospice services throughout its service area, and works closely with a network of providers in order to make both its general and specialized hospice services available to as many patients as possible. For instance, the applicant works closely with Vanderbilt Children's Hospital, St. Jude Children's Research Hospital, Huntsville Hospital, and others, and has developed a network of providers that work together to improve the quality of life of hospice patients

and their families by providing them with high quality care while reducing unnecessary travel and providing them with counseling and support throughout a difficult process.

As an example of how the applicant works with other providers to make obtaining quality hospice care as easy as possible for families with children in hospice, the applicant has partnered with Huntsville Hospital in Huntsville, Alabama. Huntsville Hospital is affiliated with St. Jude Children's Research Hospital, making it possible for a St. Jude cancer patient who is receiving hospice services from the applicant who resides closer to Huntsville than Memphis to receive any necessary care at Huntsville Hospital rather than having to travel back to St. Jude. This is just one example of the type of relationships the applicant has developed with other providers that allows them to lessen the burden on patients and their families while providing them with the highest quality of care.

Letters of support for the proposed project are included as Attachment C-Need-1(2).

3. **Proposed Charges:** The applicant shall list its benefit level charges, which shall be reasonable in comparison with those of other similar facilities in the Service Area or in adjoining service areas.

Response: The applicant reported the following as the Medicare per diem rate for hospice services on its 2012 Joint Annual Report of Hospice: Routine Hospice Care - $132, Continuous Hospice Care - $768, General Inpatient - $593, Respite Inpatient - $141.

The applicant's charges for hospice services are determined by the Centers for Medicare and Medicaid Services (CMS). Thus, the only changes to the amount charged for the applicant's services will be as a result of changes to such rates by CMS. The applicant does not establish a separate fee schedule per se. Rather, the applicant accepts the CMS reimbursement for its hospice services. Infrequently, the applicant provides services to self-pay patients. In those circumstances, the applicant charges the same rate as the Medicare reimbursement rate. The proposed project will not result in any increase in charges to patients.

The Medicare per diem rates reported by each of the existing licensed providers in Lincoln County are substantially similar to those reported by the applicant, as demonstrated by the following table:

Name of Agency	Routine Hospice Care	Continuous Hospice Care	General Inpatient	Respite Inpatient
Hospice Compassus	*$132*	*$768*	*$593*	*$141*
Avalon Hospice	$149	$869	$663	$154
Caris Healthcare, LP-Davidson	$149	$836	$639	$150
Lincoln Medical Home Health and Hospice	$132	$770	$592	$140

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice 2012.

4. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area.

   Response: The applicant will serve equally all residents of Lincoln County. The persons served by the applicant will primarily be elderly. The vast majority, almost 79%, of the applicant's current patients are Medicare beneficiaries and the applicant expects to continue to treat this same percentage of Medicare beneficiaries in Lincoln County. However, all patients, including women, racial and ethnic minorities (Including the Hispanic population), and low-income groups, will be served by the applicant without regard to their ability to pay.

   Additionally, the existing hospice providers in Lincoln County generally operate during normal business hours, Monday-Friday, and do not admit hospice patients at night or on the weekend. Therefore, depending on when the person presents for hospice, it could be longer than 48 hours before someone would be admitted. The applicant admits patients 24 hours a day, 7 days a week, so there is never a time when a patient in need of hospice care will be unable to receive services from the applicant within a reasonable timeframe. In 2012, almost 6% of the applicant's total admissions were from admissions during the weekend.

   Additionally, the applicant offers perinatal and pediatric hospice services, and is developing a palliative care program, that, to the best of the applicant's knowledge, is not provided by any other licensed hospice provider in Lincoln County. The applicant's specialized hospice services will be of particular value to residents of Lincoln County because they are currently unavailable.

5. **Indigent Care.** The applicant should include a plan for its care of indigent patients in the Service Area, including:

   a. Demonstrating a plan to work with community-based organizations in the Service Area to develop a support system to provide hospice services to the indigent and to conduct outreach and education efforts about hospice services.
   b. Details about how the applicant plans to provide this outreach.
   c. Details about how the applicant plans to fundraise in order to provide indigent and/or charity care.

   Response: In addition to treating a high volume of Medicare beneficiaries, the applicant provides a substantial amount of indigent care, routinely providing care to indigent patients that may not otherwise have access to hospice services. The applicant generally treats 5-6 indigent patients at any given time, and occasionally provides services to as many as 8-9 indigent patients at one time. The applicant feels strongly about providing quality hospice services to any patient in need, regardless of the patient's ability to pay, as is clear from the applicant's charity care program. In fact, the applicant provides a substantially greater amount of indigent care than the existing providers in Lincoln County.

   On the applicant's 2012 Joint Annual Report of Hospice, it reported that it provided $172,625 in charity care. This is substantially more than the existing providers in Lincoln

County according to the charity care data reported on each provider's 2012 Joint Annual Report of Hospice, as illustrated in the charity chart below.

Total Charity Care Provided in 2012

Provider	2012 Total Net Revenue	2012 Charity Care	Charity Care Percentage
Hospice Compassus	*$7,398,041*	*$172,625*	*2.3%*
Avalon Hospice	$13,375,670	$70,037	0.5%
Caris Healthcare, LP-Davidson	$13,533,199	$31,775	0.2%
Lincoln Medical Home Health and Hospice	$356,042	$2,730	0.8%

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice 2012.

In contrast to the amount of charity care provided by existing providers in Lincoln County, the applicant's charity care spending in 2012 was equivalent to 2.3% of its total net revenue, almost 12 times that of Caris, almost 5 times that of Avalon, and almost 3 times that of Lincoln Medical Home Health and Hospice.

The applicant will continue its charity care program in Lincoln County if this application is approved, continuing to provide services to all residents of its service area regardless of their ability to pay. The applicant will work with community-based organizations in the service area to develop a support system to provide hospice services to the indigent and to conduct outreach and education efforts about hospice services by giving presentations at senior centers, community church groups, health councils, and similar groups and organizations located in Lincoln County. Funding for the provision of indigent care is built into Hospice Compassus' care plan and budget. Hospice Compassus also has a not-for-profit affiliated entity from which it can receive funds if necessary and appropriate.

6. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. Additionally, the applicant should provide documentation that it is, or intends to be, fully accredited by the Joint Commission, the Community Health Accreditation Program, Inc., the Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for hospice services from the Centers for Medicare and Medicaid Services (CMS) or CMS licensing survey.

   Response: Medicare currently requires hospices to report quality data through the National Quality Review (NQR). Hospice Compassus began reporting quality data through NQR in October 2012. The applicant measures and reports on forty-three (43) different quality measures both internally and externally using its quality reporting system, and reports on approximately one-fourth of those quality indicators as part of its Medicare quality management reporting to the NQR. Each of the quality measures the applicant reports data for meets or exceeds the Medicare requirements.

   The applicant is currently working towards becoming accredited by The Joint Commission and expects to apply sometime in the next year.

7. **Data Requirements:** Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that

data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

Response: The applicant agrees to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested.

8. **Education.** The applicant should provide details of its plan in the Service Area to educate physicians, other health care providers, hospital discharge planners, public health nursing agencies, and others in the community about the need for timely referral of hospice patients.

Response: Hospice Compassus will meet with local providers, including home health agencies, hospitals and physician groups, to discuss the benefits for both patient and provider associated with hospice care. The benefits of hospice care to patients and their families are well-documented, particularly if the hospice patient is enrolled earlier than the last several days of life.

Hospice Compassus will work to show providers how they can benefit from increased utilization of hospice services. A recent study from Mount Sinai's Icahn School of Medicine, published in the March 2013 edition of *Health Affairs*, found that the utilization of hospice services will assist hospitals in reducing the number of hospital admissions and days, ICU admissions and days, 30 day hospital readmissions, and in-hospital deaths. Thus, the utilization of hospice services will have a significant positive impact on hospital reimbursement, alleviating the negative impact on reimbursement that results from extended stays and frequent readmissions. According to the study, nationwide utilization of hospice services has increased rapidly over the last twenty (20) years, indicating that health care providers and patients are becoming increasingly aware of the benefits of hospice care and, as this trend continues, the need for hospice services will become even more pronounced. Specifically, the study found that "*Medicare costs for patients enrolled in hospice were significantly lower than those of nonhospice enrollees across all period studies: 1-7 days, 8-14 days, and 15-30 days, the most common enrollment period prior to death, as well as 53-105 days, the period previously shown to maximize Medicare savings.*"[1]

The study concluded that its findings, "*albeit limited to enrollment up to 105 days, are of particular importance because they suggest that investment in the Medicare hospice benefit translates into savings overall for the Medicare system. For example, if 1,000 additional beneficiaries enrolled in hospice for 15-30 days prior to death, Medicare could save more than $6.4 million, while those beneficiaries would be spared 4,100 hospital days. Alternatively, if 1,000 additional beneficiaries enrolled in hospice for 53-105 days before death, the overall savings to Medicare would exceed $2.5 million.*"[2]

A copy of this study from *Health Affairs* is included as Attachment C-Need-1(8).

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[1] Amy S. Kelley, Partha Deb, Qingling Du, Melissa D. Aldridge Carlson & R. Sean Morrison, "Hospice Enrollment Saves Money for Medicare and Improves Care Quality Across a Number of Different Lengths-Of-Stay," *Health Affairs*, Vol. 32 No.3, pp. 552-561 (March 2013).
[2] *Id.*

Hospice Services - Need

A new need formula for hospice services was approved by Governor Haslam as part of the State Health Plan Update on May 23, 2013. The new need formula applies to all new applications, including this one.

1. **Need Formula.** The need for Hospice Services shall be determined by using the following Hospice Need Formula, which shall be applied to each county in Tennessee:

   A / B = Hospice Penetration Rate

   Where:

   A = the mean annual number of Hospice unduplicated patients served in all counties included in a proposed Service Area for the preceding two calendar years as reported by the Tennessee Department of Health;

   and

   B = the mean annual number of Deaths in a Service Area for the preceding two calendar years as reported by the Tennessee Department of Health.

   Note that the Tennessee Department of Health Joint Annual Report of Hospice defines "unduplicated patients served" as "number of patients receiving services on day one of reporting period plus number of admissions during the reporting period."

   Need shall be established if the Hospice Penetration Rate in the proposed Service Area is less than 80% of the Statewide Median Hospice Penetration Rate and if there is a need shown for at least 120 additional hospice service recipients in the proposed Service Area.

   Response: According to data from the Tennessee Department of Health, the mean annual number of hospice unduplicated patients in Lincoln County is 105 and the mean annual number of deaths in Lincoln County is 388, as set forth in the tables below.

Mean Annual Number of Hospice Unduplicated Patients Served in Lincoln County

County	2010 Patients Served	2011 Patients Served	Mean
Lincoln	93	116	104.5

Source: Tennessee Department of Health, Division of Health Planning

Mean Annual Number of Deaths in Lincoln County

County	2010 Deaths	2011 Deaths	Mean
Lincoln	396	380	388

Source: Tennessee Department of Health, Division of Health Planning

The mean annual number of hospice unduplicated patients in Lincoln County (104.5) divided by the mean annual number of deaths in Lincoln County (388), yields a Hospice Penetration Rate in Lincoln County of 0.269.

The Tennessee Department of Health has calculated the Statewide Median Hospice Penetration Rate to be 0.389. Eighty percent (80%) of the Statewide Median Hospice Penetration Rate is 0.311.

According to the need calculation formula set forth above, need shall be established if Lincoln County's Hospice Penetration Rate is less than 80% of the Statewide Median Hospice Penetration Rate and there is a need for at least 120 additional hospice service recipients in Lincoln County. Therefore, any county with a Hospice Penetration Rate of less than 0.311 will satisfy the first portion of the need calculation formula.

The Hospice Penetration Rate in Lincoln County is 0.269, which is less than 0.311, thereby satisfying this portion of the need calculation.

Using a spreadsheet provided by the Tennessee Department of Health and included as Attachment C-Need-1-Hospice Need Spreadsheet, the Department has calculated that there is a need for 16 additional hospice service recipients in Lincoln County.

It is our understanding that the new need calculation requires a need for 120 patients because 120 patients is the minimum threshold number of patients for a hospice agency to be financially viable. This requirement for 120 patients does not take into consideration that the applicant is an existing provider that provided hospice services to 639 patients in 2010, 757 patients in 2011, and 775 patients in 2012, well over the 120 patient minimum. Thus, even though the data provided by the Tennessee Department of Health shows a need for only 16 additional hospice service patients in Lincoln County, the applicant feels this criteria is met when you consider it in conjunction with the 775 patients treated in 2012.

HOSPICE PATIENTS
HOSPICE COMPASSUS
2010-2012

	2010					2011					2012				
Provider	Age (in years)					Age (in years)					Age (in years)				
	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total
Hospice Compassus	6	135	126	372	**639**	9	159	138	451	**757**	3	178	153	441	**775**

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice (2010-2012)

Additionally, there is evidence that the new hospice need calculation formula may underestimate the existing need for hospice services. Hospice care is a fairly new phenomenon. In 1979, the Health Care Financing Administration (HCFA, now CMS) initiated demonstration programs at 26 hospices across the county to assess the cost effectiveness of hospice care and to help determine what care a hospice provider should and shout not provide. In TEFRA Act of 1982, Congress created a temporary Medicare hospice benefit which was made final in 1986. It was not until 1993 that hospice was included as a nationally guaranteed benefit under President Clinton's health reform bill. In

the 2000's, hospice care became more recognized and accepted as a treatment benefit. In 2010, the Patient Protection and Affordable Care Act required State Medicaid programs to allow children with a life-limiting illness to receive both hospice care and curative treatment. Between 2000, when the current hospice guidelines were established and 2007, hospice utilization in the United States increased 68%, according to the National Health Statistics Reports, Number 38, April 27, 2011. According to the 2012 Edition of the NHPCO Facts and Figures & Hospice Care in America,. utilization for hospice increased 17% between 2007 and 2011.

A rough calculation to determine the current need for hospice services is to develop a use rate based on the current utilization of hospice services in the United States. Based on a population in 2011 of 311,591,917 persons, and utilization of hospice services by 1,650,000 persons, a use rate of .00529 can be calculated. When you apply this use rate to the 2017 population estimate of 35,340 in Lincoln County, a need for hospice for 187 patients exists, significantly more than the 116 patients that received hospice services in 2011. This results in a net need for 71 patients in 2017, significantly more than the current need formula.

Finally, Hospice Compassus offers perinatal and pediatric hospice services, and is developing a palliative care program, that, to the best of its knowledge, no other licensed hospice provider in Lincoln County currently offers, making these services of particular value to residents of Lincoln County.

The applicant has had great success with its specialized hospice services throughout the rest of its service area. For instance, it works closely with Vanderbilt Children's Hospital, St. Jude Children's Research Hospital, Huntsville Hospital, and others, and has developed a network of providers that work together to improve the quality of life of hospice patients and their families by providing them with high quality care while reducing unnecessary travel and providing them with counseling and support throughout a difficult process. The Proposed Counties are in close proximity to both St. Jude Children's Research Hospital and Vanderbilt Children's Hospital.

The applicant's perinatal and pediatric hospice services complement each other and, through these services, the applicant is able to provide support and care to families going through devastating circumstances. Through its perinatal program, the applicant will attend physician appointments with an expectant mother whose baby is expected to live only for a short time after birth, or in some cases may have already died during the last trimester of her pregnancy. The applicant provides grief counseling and support to the expectant mother, as well as to the entire family, including siblings. The applicant works with the family to formulate a plan to implement upon the baby's birth that includes both a clinical aspect, i.e. the types of comfort that can be medically provided to the baby, and a personal aspect, i.e. the types of mementos the family would like to have, such as the baby's handprints and footprints. This service provides hospice care in the form of counseling, and comfort to families going through very difficult circumstances. A general hospice program does not provide these specialized services.

The applicant's pediatric program is already servicing patients and, like the applicant's perinatal program, is providing an invaluable service to patients and their families. The applicant's pediatric hospice patients have thus far included children aged three (3) months through nine (9) years of age who suffer from cancer, genetic disorders, and other fatal illnesses. At least two (2) of these pediatric hospice patients were indigent. As an

example of how the applicant works with other providers to make obtaining quality hospice care as easy as possible for families with children in hospice, the applicant has partnered with Huntsville Hospital in Huntsville, Alabama. Huntsville Hospital is affiliated with St. Jude Children's Research Hospital, making it possible for a St. Jude cancer patient who is receiving hospice services from the applicant to receive any necessary follow-up care at Huntsville Hospital rather than having to travel back to St. Jude, which is farther from home. If this option were not available, both with the pediatric hospice care and follow-up with Huntsville Hospital, the patient would have to stay at St. Jude, which could severely limit the family involvement. This is just one example of the type of relationships the applicant has developed with other providers that allows them to lessen the burden on patients and their families while providing them with the highest quality of care.

The applicant's developing palliative care program is of significant value to those residents of Lincoln County who are suffering from chronic illnesses such as congestive heart failure or COPD. Because the life expectancy of these patients is generally greater than six (6) months, they are not yet appropriate candidates for the applicant's hospice program but are still in need of quality care. For this reason, the applicant is establishing a palliative care program through which it sees patients suffering from chronic illness in a consultative model and works with them to treat and manage their symptoms at home. The applicant recently applied for a Medicare Part B palliative care license, a unique certification that sets it apart from most other hospice providers.

The palliative care program is offered in conjunction with the applicant's hospice services and utilizes a consultative model by which the applicant's physicians and nurses provide in-home symptom management services to patients with chronic illnesses. This program is fundamentally different from palliative care services offered by home health agencies. The expectation of home health services is that the patient's condition will improve, and the ultimate goal, of course, is improvement such that home health services are no longer needed. The goal of the applicant's palliative care program is to improve the quality of life of patients suffering from chronic illnesses through maintenance and, to the extent possible, improvement of their conditions. The vast majority of the time, these patients are suffering from conditions that will never improve to the extent that they no longer require palliative care services. Rather, these patients' conditions deteriorate such that they ultimately require hospice services. When a palliative care patient's condition deteriorates to the extent that the patient requires hospice services, the applicant will assist the patient and the patient's family through the difficult transition from palliative care to hospice care. This greatly reduces stress on the patient because the patient will continue to receive services in the same setting, from health care providers that he or she is familiar with.

The goal of palliative care services that area home health agencies may be providing is treatment until the patient improves enough that home health services are no longer needed, whereas the goal of the applicant's palliative care program is to maintain its patients' chronic conditions, improve or maintain their quality of life, and assist them with the transition to hospice care. To the best of applicant's knowledge, no other provider is offering this type of palliative care program to residents of Lincoln County.

The applicant's palliative care program is reimbursed under Medicare Part B, while hospice services are reimbursed at a Medicare per diem rate. The palliative care program could technically be offered in Lincoln County without a hospice license, but it would not make sense from a programmatic or operational standpoint to offer palliative services without also offering hospice services. Palliative care programs must operate at a high

volume just to break even. For that reason, they are generally operated in conjunction with a hospice or hospital. The applicant is unaware of any independently operating palliative care programs. In order for palliative care to be financially viable, it generally must be provided by a hospital or hospice program. It would not be financially feasible for the applicant to offer its palliative care program in Lincoln County without also operating its hospice program there.

The applicant's hospice and palliative care services will also help hospitals reduce the number of hospital admissions and days, ICU admission and days, 30 day hospital readmissions and in-hospital-deaths, as supported by a study from Mount Sinai's Icahn School of Medicine, published in the March 2013 edition of *Health Affairs*, discussed above.[3] The initiation of this service is expected to alleviate the negative impact on hospital reimbursement that results from extended stays and frequent readmissions.

The Hospice Penetration Rate in Lincoln County is 0.269, which is less than 0.311 (80% of the Statewide Median Hospice Penetration Rate), thereby satisfying that portion of the need calculation. As for the second part of the need calculation formula, data provided by the Tennessee Department of Health indicates that there is a need for 16 additional hospice service recipients in Lincoln County. The new need calculation formula does not consider patients already being treated by existing providers. In this case, the applicant treated 775 patients in 2012. When considering this data in conjunction with the demonstrated need for 16 additional hospice service recipients in Lincoln County, the applicant is clearly a financially viable provider able to provide services in Lincoln County. Finally, residents of Lincoln County currently do not have access to any comparable specialized hospice services. For these reasons, the applicant seeks approval of its request to provide hospice services in Lincoln County.

Tennessee State Health Plan: 5 Principles for Achieving Better Health

The 2012 State Health Plan sets forth the following Principles for Achieving Better Health. The applicant's discussion of how the proposed project relates to each Principle follows each enumerated Principle.

Principle 1: Healthy Lives - The applicant's proposed expansion into Lincoln County supports the goals of this Principle by improving the health and quality of life of the residents of Lincoln County in need of palliative or hospice services. The nature of hospice care is to improve the quality of life that the hospice patient has remaining. The nature of hospice palliative care services is to improve patients' quality of life by effectively managing the symptoms of their chronic illnesses. When a patient is in palliative hospice care, an estimated end of life has not been determined.

Principle 2: Access to Care - The applicant's provision of general hospice and specialized hospice and palliative care services in Lincoln County significantly improves the access of residents of these counties to such services. Currently, to the best of the applicant's knowledge, no other hospice provider offers perinatal and pediatric hospice services, or palliative care services in Lincoln County. The applicant's nurses and physicians have been trained and certified to offer these specialized services, and it is the applicant's understanding that no hospice staff for other area agencies has received comparable training. Additionally, these specialized services are of the type that are generally offered

[3] *Id.*

only in metropolitan areas throughout the state, so for them to be available to residents of Lincoln County, a rural area of the state, is particularly significant.

Principle 3: Economic Efficiencies - There is minimal cost associated with the proposed project because the applicant is fully operational and providing services to all of the counties immediately surrounding Lincoln County. Expansion to Lincoln County will be easily accomplished and is logical from both a provision of services and an operational standpoint. There will be no increase in costs to patients as a result of the expansion. In addition, the applicant provides a significantly higher amount of charity care than the existing hospice providers in Lincoln County, giving indigent residents of Lincoln County greater access to care, regardless of their ability to pay.

Principle 4: Quality of Care - The applicant will provide residents of Lincoln County in need of general or specialized hospice services, or palliative care services, with a high quality of care regardless of their ability to pay.

In addition, a continuum of care which includes utilization of hospice services by hospitals in and around Lincoln County who are treating patients from Lincoln County generally reduces overall health care costs because hospital lengths of stay are shorter and readmission rates are reduced. Hospital stays are more expensive than hospice services. Because hospitals will no longer receive reimbursement for certain readmissions, the approval of additional hospice services to the service area promotes the orderly development of health care and the basic principles of health care reform. The applicant's services provide comfort and convenience to hospice patients who receive services at home rather than in a more restrictive and more expensive hospital setting.

Principle 5: Health Care Workforce - Three (3) out of four (4) of the applicant's physicians have received certification for the provision of hospice and palliative care services through the American Academy of Hospice and Palliative Medicine, a certification the applicant believes is not held by employees of any other hospice provider in Lincoln County. Obtaining this certification now requires a one (1) year residency by physicians. Thus, it is significant that all but one (1) of the applicant's physicians hold this certification and that the existing hospice providers in Lincoln County have no physicians that hold this certification.

In addition, all of the applicant's registered nurses have received End-of-Life Nursing Education Consortium (ELNEC) training and certification. ELNEC is a national education initiative to improve palliative care that focuses on pain management, symptom control, ethical/legal issues, and other core areas. All of the applicant's RNs are also in the process of receiving ELNEC training for pediatric palliative and hospice care and will complete their training in less than a year.

The applicant also participates in the nurse training programs operated by Motlow State Community College and Columbia State Community College

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Response: Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: This project is necessary for Hospice Compassus' long-range development plans because Lincoln County represents a significant gap in Hospice Compassus' service area. The applicant provides general and specialized hospice services to all of the surrounding Tennessee counties, but not to Lincoln County. Hospice Compassus desires to provide quality hospice services to all patients in its service area and providers service residents of Lincoln County have requested those services from Hospice Compassus, but Hospice Compassus has been unable to provide them. Thus, Hospice Compassus seeks approval to expand its service area to Lincoln County in order to meet the hospice needs of Lincoln County's residents. Without the requested license, the residents of Lincoln County will not have access to the general and specialized hospice services that Hospice Compassus provides.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

Response: Please see a map of the existing and proposed service area included as Attachment C-Need-3. It is reasonable for the applicant to seek to expand its service area to include Lincoln County because it provides services in each of the counties surrounding Lincoln County - Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. It regularly receives requests for hospice services for residents of Lincoln County that it is unable to satisfy. Hospice Compassus desires to expand its service area to include Lincoln County so that it may provide quality hospice services to those residents in need of both the general and specialized hospice services that the applicant provides.

4. A. Describe the demographics of the population to be served by this proposal.

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Response: The following chart sets forth the current population in Tennessee and in Lincoln County specifically, and the projected population of Tennessee and Lincoln County in 2017.

POPULATION PROJECTIONS

Lincoln County			
Age	**2013**	**2017**	**% Increase**
0 to 19	8,192	8,463	3.3%
20 to 44	11,274	13,541	20.1%
45 to 64	9,202	8,351	(9.2%)
65 to 74	3,134	3,100	(1.1%)
75 plus	2,177	1,885	(13.4%)
Total All Ages:	33,979	35,340	4.0%
Tennessee			
Age	**2013**	**2017**	**% Increase**
0 to 19	1,670,916	1,700,151	1.7%
20 to 44	2,158,175	2,196,167	1.8%
45 to 64	1,748,746	1,803,561	3.1%
65 to 74	562,705	650,554	15.6%
75 plus	387,472	421,589	8.8%
Total All Ages:	6,528,014	6,772,022	3.7%

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

The population of both Lincoln County and the state of Tennessee are growing and that growth is projected to continue. As the population continues to increase, the need for hospice services will increase as well.

The majority of hospice patients are over the age of 65. The 65+ population in Lincoln County currently makes up 15.6% of the total population. This is significantly higher than the percentage of the population 65+ in the state of Tennessee as a whole, which is currently 14.6% and expected to increase to 15.8% by 2017. The fact that Lincoln County residents who are 65+ make up a significant portion of the County's population further illustrates the need for both general and specialized hospice services in Lincoln County.

PROJECTED POPULATION
65+

2013 JUL 5 PM 3 54

	2013 Population 65+	2013 Total Population	% of Total Population 65+	2017 Population 65+	2017 Total Population	% of Total Population 65+
Lincoln County	5,311	33,979	15.6%	4,985	35,340	14.1%
Tennessee State	950,177	6,528,014	14.6%	1,072,143	6,772,022	15.8%

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

Additional information on the demographics of Lincoln County is taken from the U.S. Census Bureau and is included as Attachment C-Need-4. The following table represents a compilation of the demographic data for Lincoln County.

Lincoln County Demographic Data

Variable	Lincoln	Tennessee
Current Year (CY), Age Group, 0-19	8,192	1,670,916
Projected Year (PY), Age Group, 0-19	8,463	1,700,151
Age Group, 0-19, % Change	3.3%	1.7%
Age Group, 0-19, % Total (PY)	23.9%	25.1%
CY, Age Group, 65+	5,311	950,177
PY, Age Group, 65+	4.985	1,072,143
Age Group, 65+ % Change	(6.1%)	12.8%
Age Group, 65+ % Total (PY)	14.1%	15.8%
CY, Total Population	33,979	6,528,014
PY, Total Population	35,340	6,772,022
Total Pop. % Change	4.0%	3.7%
TennCare Enrollees	6,359	1,199,087
TennCare Enrollees as a % of Total Population (CY)	19.2%	18.4%
Median Age	41.8	38.0
Median Household Income	$41,454	$43,989
Median Home Value	$112,300	$137,200
Population % Below Poverty Level	16.1%	16.9%

*TennCare enrollment data is based on the February 2013 Midmonth Report. This is the most recent information available on the Tennessee Department of Health website.

As the chart above shows, Lincoln County's median age of 41.8 is older than that of the State at 38.0; the median household income is less at $41,454 versus $43,989; and the TennCare population percentage is higher than that of the State, with Lincoln County's TennCare enrollment at 19.2% and the State's at 18.4%.

With respect to cancer and non-cancer death rates in Lincoln County, as compared to the rates for Tennessee overall, the chart below helps to illustrate that the death rate from cancer or non-cancer causes is higher in Lincoln County than it is for the state of Tennessee, further indicating a need for hospice services in that area.

The 2011 population of Lincoln County was 33,437. The 2011 population of Tennessee was 6,408,015. In 2011, there were 392 deaths in Lincoln County, which, when divided by

the total population of Lincoln County, generates a death rate in Lincoln County of 1.2%. In 2011, there were 60,104 deaths in Tennessee which, when divided by the total population of Tennessee, generates a death rate in Tennessee of 0.9%. Thus, the death rate in Lincoln County is higher than it is for the state of Tennessee, further indicating a need for hospice services in that area.

County	2009 Cancer Deaths	2010 Cancer Deaths	2011 Cancer Deaths	'09-'11 % Change	2009 Non-Cancer Deaths	2010 Non-Cancer Deaths	2011 Non-Cancer Deaths	'09-'11 % change
Lincoln	90	93	81	(10.0%)	287	303	299	4.2%
Tennessee	13,409	13,514	13,461	0.4%	44,614	45,687	46,643	4.5%

Source: Tennessee Department of Health, Health Statistics

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The persons served by the applicant will primarily be elderly. The vast majority of the applicant's patients are Medicare beneficiaries. However, all patients, including women, racial and ethnic minorities (including the Hispanic population), and low-income groups, will be served by the applicant without regard to their ability to pay.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: There are currently three licensed hospice providers in Lincoln County: Avalon Hospice, Caris Healthcare, LP-Davidson and Lincoln Medical Home Health and Hospice. Lincoln Medical Home Health and Hospice is owned by the local hospital and serves primarily residents of Lincoln County.

The utilization trends for each of these facilities for the previous three (3) years are illustrated in the following table:

HOSPICE PATIENTS IN LINCOLN COUNTY
2012-2012

2013 JUL 5 PM 3 54

Provider	2010					2011					2012				
	Age (in years)					Age (in years)					Age (in years)				
	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total
Avalon Hospice	0	0	3	6	**9**	0	7	9	30	**46**	0	6	6	13	**25**
Caris Healthcare, LP-Davidson	0	7	5	11	**23**	1	4	2	3	**10**	0	4	2	6	**12**
Lincoln Medical Home Health and Hospice	0	13	21	27	**61**	0	10	21	29	**60**	0	14	23	33	**70**
Total	0	20	29	44	**93**	1	21	32	62	**116**	0	24	31	52	**107**

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice for each applicable facility and year. (2010-2012)

TOTAL HOSPICE PATIENTS SERVED
2010-2012

Provider	2010					2011					2012				
	Age (in years)					Age (in years)					Age (in years)				
	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total
Hospice Compassus	6	135	126	372	**639**	9	159	138	451	**757**	3	178	153	441	**775**
Avalon Hospice	0	112	116	358	**586**	0	191	194	610	**995**	0	188	218	595	**1001**
Caris Healthcare, LP-Davidson	2	114	129	580	**825**	2	133	133	544	**812**	0	119	141	570	**830**
Lincoln Medical Home Health and Hospice	0	13	21	27	**61**	0	10	21	29	**60**	0	14	23	33	**70**

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice for each applicable facility and year. (2010-2012)

None of the facilities currently licensed to provide services in Lincoln County provides the perinatal/pediatric hospice services that Hospice Compassus currently provides, nor do any of these facilities have a palliative care program.

While Caris Healthcare, LP-Davidson (Caris) reported serving two pediatric (Age 0-17) patients in 2010 and two pediatric patients in 2011, it is Hospice Compassus' understanding that Caris does not provide hospice services to infants, toddlers or young children. It is possible that the two (2) pediatric patients Caris treated in 2010 and in 2011 were teenagers towards the upper end of the 0-17 age range for pediatric patients. Thus, although the persons served might technically be pediatric patients, the care for this upper age would be more similar to that of adults, rather than young children.

Hospice Compassus provides pediatric hospice services to all patients within that 0-17 age range, including young children, and has recently provided hospice services to a three (3) month old infant and an eight (8) year old child.

Additionally, Hospice Compassus has provided pediatric hospice services to four (4) patients thus far in 2013, already exceeding the number of pediatric patients it treated last year. Hospice Compassus is continuing to provide specialized pediatric hospice training to a growing number of its physicians and staff, and has developed referral relationships with St. Jude Children's Research Hospital and Vanderbilt Children's Medical Center among others. In fact, St. Jude recently referred two (2) patients to Hospice Compassus for specialized pediatric hospice care.

The applicant does not anticipate that its expansion of hospice services to Lincoln County would have any impact on these existing hospice service providers. The applicant believes, based on its analysis of the population, age, and other demographics of residents of Lincoln County, that not all residents who need hospice care are currently receiving it. The applicant plans to market its services and educate the community and local health care providers regarding the benefits of hospice care, and believes that doing so will result in increased utilization of hospice services among Lincoln County residents. The applicant is not seeking to decrease the utilization of other hospice service providers in Lincoln County. Lincoln Medical Home Health and Hospice is owned by the local hospital, Lincoln Medical Center, as are the two nursing homes in the county. It is doubtful that the applicant could have any effect on these existing referral relationships, even if it wanted to, which it does not. Rather the applicant is seeking to increase the overall utilization of hospice services in Lincoln County through increasing the availability of such services, including specialized hospice services that are not currently available. The new need formula identifies a need for 16 hospice patients. Given the applicant's belief that Lincoln County is currently underserved, its estimate of 25-30 patients should have no impact on existing providers.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The applicant's utilization statistics for the past three (3) years are illustrated in the following table:

HOSPICE PATIENTS
HOSPICE COMPASSUS
2010-2012

	2010					2011					2012				
Provider	Age (in years)					Age (in years)					Age (in years)				
	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total	0-17	18-64	65-74	75+	Total
Hospice Compassus	6	135	126	372	**639**	9	159	138	451	**757**	3	178	153	441	**775**

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice (2010-2012)

The applicant projects that in year one of providing hospice services in Lincoln County, it will treat 25 patients with an average daily census (ADC) of 2.5 patients. In year two of operation, the applicant projects that it will treat 30 patients with an ADC of 3.0 patients. This projection utilizes an average length of stay of 36 days based on an analysis of Lincoln County and the applicant's current experience in the surrounding counties, as well as the fact that its program will be newly operational in Lincoln County and, as such, it expects that it will initially receive mainly short-term patients. Additionally, Lincoln Medical Center owns two of the nursing homes in the county in addition to the hospital and the home health and hospice. Referrals from a nursing home for hospice care generally occur earlier in the cycle for hospice services and are thus usually for longer lengths of stay. The applicant does not anticipate any impact on the referral pattern between the hospital and its hospice, or between its nursing homes and hospice. The applicant believes that an ALOS of 36 days for the first two (2) years of operation is reasonable based on its status as a new provider in the area. As education regarding hospice services occurs in the service area, it is possible that the ALOS will increase, making it more consistent with ALOS in some of the surrounding counties that Hospice Compassus serves.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

   - All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

   - The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note; This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, at the "per click" rate and the term of the lease.

   - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal,

state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

Response: Please see the project costs chart on the following page.

PROJECT COSTS CHART

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A.	Construction and equipment acquired by purchase:			
	1.	Architectural and Engineering Fees		
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		$25,000
	3.	Acquisition of Site		
	4.	Preparation of Site		
	5.	Construction Costs		
	6.	Contingency Fund		
	7.	Fixed Equipment (Not included in Construction Contract)		
	8.	Moveable Equipment (List all equipment over $50,000)		
	9.	Other (Specify) _____		
B.	Acquisition by gift, donation, or lease:			
	1.	Facility (inclusive of building and land)		
	2.	Building only		
	3.	Land only		
	4.	Equipment (Specify)		
	5.	Other (Specify) _____		
C.	Financing Costs and Fees:			
	1.	Interim Financing		
	2.	Underwriting Costs		
	3.	Reserve for One Year's Debt Service		
	4.	Other (Specify) _____		
	D.	Estimated Project Cost (A+B+C)		
	E.	CON Filing Fee		$3,000
	F.	Total Estimated Project Cost (D+E)	**TOTAL**	**$28,000**

2. Identify the funding sources for this project.

   a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

___ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

___ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

___ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

___ D. Grants--Notification of intent form for grant application or notice of grant award; or

_x_ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

___ F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The costs for this project are minimal and are related to legal fees and the filing fee for the CON application. Hospice Compassus does not anticipate any additional costs related to this project.

4. Complete Historical and Projected Data Charts on the following two pages--***Do not modify the Charts provided or submit Chart substitutions!*** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: Please see Historical and Projected Data Charts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The applicant's average gross charge is $4,966.92 in Year One and $4,966.90 in Year Two. The average deduction from operating revenue is $125.16 in Year One and $125.17 in Year Two for an average net charge of $4,841.76 in Year One and $4,841.73 in Year Two.

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

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		Year 2012	Year 2011	Year 2010
A.	Utilization Data (Patient Days)	51,901	44,984	32,512
B.	Revenue from Services to Patients			
	1. Inpatient Services	$344,486	$327,956	$212,918
	2. Outpatient Services	$6,816,227	$5,714,597	$4,026,280
	3. Emergency Services	0	0	0
	4. Other Operating Revenue	0	0	0
	(Specify)_____			
	Gross Operating Revenue	$7,160,713	$6,042,553	$4,239,198
C.	Deductions for Operating Revenue			
	1. Contractual Adjustments	$21,154	$12,251	$16,215
	2. Provision for Charity Care	$155,760	$113,540	N/A[4]
	3. Provisions for Bad Debt	$20,220	$46,685	$47,049
	Total Deductions	$197,134	$172,476	$63,264
NET OPERATING REVENUE		$6,963,579	$5,870,077	$4,175,934
D.	Operating Expenses			
	1. Salaries and Wages	$3,125,742	$2,699,875	$2,166,611
	2. Physician's Salaries and Wages	$123,515	$114,464	$110,444
	3. Supplies	910,728	$853,080	$535,708
	4. Taxes	0	0	0
	5. Depreciation	$27,920	$23,815	$20,789
	6. Rent	$120,572	$113,122	$112,056
	7. Interest, other than Capital	$90	($7.00)	$1,943
	8. Other Expenses (Equipment lease & maintenance, communications, travel/training, advertising, mileage, misc.)	$1,053,837	$897,650	$689,639
	Total Operating Expenses	$5,362,404	$4,701,999	$3,637,190
E.	Other Revenue (Expenses) – Net (Specify)	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)				
F.	Capital Expenditures	$34,327	$27,749	$16,498
	1. Retirement of Principal	_____	_____	_____
	2. Interest	_____	_____	_____
	Total Capital Expenditures			
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$1,566,847	$1,140,329	$522,246

[4] Data not broken out separately at this time.

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

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		Year One	Year Two
A.	Utilization Data (Number of Patients)	25	30
B.	Revenue from Services to Patients		
	1. Inpatient Services	$2,483	$2,980
	2. Outpatient Services	$121,690	$146,027
	3. Emergency Services	0	0
	4. Other Operating Revenue (Specify) _____	0	0
	Gross Operating Revenue	$124,173	$149,007
C.	Deductions for Operating Revenue		
	1. Contractual Adjustments	$360	$432
	2. Provision for Charity Care	$2,732	$3,278
	3. Provisions for Bad Debt	$37	$45
	Total Deductions	$3,129	$3,755
NET OPERATING REVENUE		$121,044	$145,252
D.	Operating Expenses		
	1. Salaries and Wages	$76,932	$78,470
	2. Physician's Salaries and Wages	$6,000	$6,000
	3. Supplies	$14,814	$17,777
	4. Taxes	0	0
	5. Depreciation	0	0
	6. Rent	0	0
	7. Interest, other than Capital	0	0
	8. Other Expenses (Specify): (Mileage, advertising, travel, training)	$12,951	$15,541
	Total Operating Expenses	$110,697	$117,788
E.	Other Revenue (Expenses) – Net (Specify)	0	0
NET OPERATING INCOME (LOSS)		$10,347	$27,464
F.	Capital Expenditures		
	1. Retirement of Principal	0	0
	2. Interest	0	0
	Total Capital Expenditures	0	0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$10,347	$27,464

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: The applicant reported the following as the Medicare per diem rate for hospice services on its 2012 Joint Annual Report of Hospice: Routine Hospice Care - $132, Continuous Hospice Care - $768, General Inpatient - $593, Respite Inpatient - $141.

The applicant's charges for hospice services are determined by the Centers for Medicare and Medicaid Services (CMS). Thus, the only changes to the amount charged for the applicant's services will be as a result of changes to such rates by CMS. The applicant does not establish a separate fee schedule per se. Rather, the applicant accepts the CMS reimbursement for its hospice services. Infrequently, the applicant provides services to self-pay patients. In those circumstances, the applicant charges the same rate as the Medicare reimbursement rate.

The applicant expects to generate $10,347 in net revenue in its first year of operation in Lincoln County, and $27,464 in net revenue in its second year. This project will not result in any impact on existing patient charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: The Medicare per diem rates reported by each of the existing licensed providers in Lincoln County are substantially similar to those reported by the applicant, as demonstrated by the following table:

Name of Agency	Routine Hospice Care	Continuous Hospice Care	General Inpatient	Respite Inpatient
Hospice Compassus	*$132*	*$768*	*$593*	*$141*
Avalon Hospice	$149	$869	$663	$154
Caris Healthcare, LP-Davidson	$149	$836	$639	$150
Lincoln Medical Home Health and Hospice	$132	$770	$592	$140

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports of Hospice 2012.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: The applicant is already operating in all of the counties surrounding Lincoln County, so its administration, infrastructure and staffing model is already in place and operational. There is a need for general and, particularly, specialized hospice services in Lincoln County and the applicant regularly receives referrals of patients who reside there that it is currently unable to accept. The projected utilization rates will be more than sufficient to maintain cost-effectiveness because the cost associated with the applicant providing services in Lincoln County is minimal.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: There is very minimal cost associated with the applicant's expansion to Lincoln County, so the proposed project will be financially viable almost immediately. The applicant has sufficient cash flow to fund any additional costs that may arise.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The applicant participates in the Medicare, TennCare, and TRICARE/CHAMPUS programs. As reported on the applicant's 2012 Joint Annual Report of Hospice, $1,032,316 in revenue came from TennCare, $5,837,440 in revenue came from Medicare, $21,740 from TRICARE/CHAMPUS, $3,330 from private pay patients, and $503,215 from other pay sources. The applicant reported $172,625 in charity care on its 2012 Joint Annual Report. This equates to approximately 14% revenue from TennCare, 78.9% revenue from Medicare, 0.3% from TRICARE/CHAMPUS, 0.05% from private pay patients, and 6.8% from other payer sources.

The applicant anticipates that these percentages will remain relatively constant throughout its first year of operation in Lincoln County. Based on projected patient revenue of $124,173 in year one of its operation in Lincoln County, the applicant anticipates revenue from the TennCare program totaling approximately $17,384, revenue from the Medicare program totaling approximately $97,972, revenue from TRICARE/CHAMPUS totaling approximately $373, revenue from private pay patients totaling approximately $62, and revenue from other pay sources totaling approximately $8,444.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: The consolidated unaudited preliminary balance sheet for the applicant's parent company, CLP, as well as a quarterly cash balance letter from Regions Bank reflecting adequate cash on hand to fund the minimal expense associated with the proposed project are included as Attachment C, Economic Feasibility-10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response: There are no less costly, more effective, and/or more efficient alternative methods of providing the benefits to the residents of Lincoln County intended by this proposed project. The applicant currently provides quality hospice services to all of the Tennessee counties surrounding Lincoln County. In addition, the applicant provides specialized perinatal and pediatric hospice services, and is developing a palliative care services program that the residents of Lincoln County currently do not have access to. The benefit of the applicant's expansion to Lincoln County is tremendous for the residents of that county, and the cost involved in making that expansion is minimal. The applicant's administrative infrastructure and staffing model is already in place and operational, and this project will be financially viable almost immediately.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: Not applicable.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: The applicant currently has contractual and/or working relationships with the following providers: St. Jude Children's Research Hospital, Vanderbilt University Medical Center, Vanderbilt Children's Hospital, Baptist Medical Center, Centennial Medical Center, Maury Regional Hospital, St. Thomas Hospital, Willowbrook Hospice, Hillside Hospital, Crockett Hospital, Hickman Community Hospital, Elk Valley Home Health, United Healthcare HMO, Amerigroup HMO, BlueCross BlueShield, United Healthcare, Aetna, Cigna, Healthspring HMO, Huntsville Hospital, and local Veterans Administration clinics.

The applicant plans to establish working relationships with numerous providers in Lincoln County in order to ensure the availability of the services it provides to Lincoln County residents. It anticipates establishing such relationships with Lincoln Medical Center, Lincoln Medical Center Home Health, Lincoln Donelson Care Center, and Fayetteville Care and Rehabilitation Center, as well as numerous physician providers.

The applicant has had great success with its specialized hospice services throughout its service area, and works closely with a network of providers in order to make both its general and specialized hospice services available to as many patients as possible. For

instance, the applicant works closely with Vanderbilt Children's Hospital, St. Jude Children's Research Hospital, Huntsville Hospital, and others, and has developed a network of providers that work together to improve the quality of life of hospice patients and their families by providing them with high quality care while reducing unnecessary travel and providing them with counseling and support throughout a difficult process.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: Approval of this project will result in a significant positive effect on the health care system with no negative effects on current providers. Expansion of its service area to include Lincoln County will allow Hospice Compassus to respond to the needs of residents of Lincoln County. There will be no duplication of services partly because no other licensed hospice provider provides the perinatal and pediatric hospice services that Hospice Compassus provides, nor does any other hospice provider offer palliative care services, and partly because the applicant believes the area is underserved and its presence will enable more persons in need of hospice services to receive them.

The following chart reflects the current market share and patient origin for existing providers in Lincoln County.

Agency	2011 Service Area Total	Grand Total	Service Area Total as % of Total Service Area Patients (Market Share)	Service Area Total as % of Grand Total (Patient Origin)
Avalon Hospice	46	995	39.66%	4.62%
Caris Healthcare, LP-Davidson	10	812	8.62%	1.23%
Lincoln Medical Home Health and Hospice	60	60	51.72%	100%

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports 2011

The information in the above chart demonstrates that the number of patients Hospice Compassus projects serving in Lincoln County would have only a minimal effect on Avalon and Caris because Lincoln County is such a small portion of their business. It should also not have any effect on Lincoln Medical because the majority of its patients more than likely come from its hospital and nursing homes and Hospice Compassus could not have a significant impact on these referrals even if it wanted to, which it does not.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: The applicant proposes to provide the following staff at the outset of its provision of services to Lincoln County, and will increase its nursing staff as the number of patients served increases. The applicant's current staffing model calls for fourteen (14) patients per one (1) registered nurse (RN). The applicant projects that it will receive

twenty-five (25) referrals for hospice care in Lincoln County in its first year of operation there, resulting in an average daily census of 2.5 patients. Pursuant to the applicant's staffing model, this results in a need for 0.50 FTE to treat those patients. Two (2) full-time RN employees of the applicant currently reside in Lincoln County, so the applicant will easily be able to accommodate the needs of its patients in Lincoln County. The applicant is also planning on staffing 0.25 FTE home health aides and 0.10 FTE social workers to provide services to Lincoln County residents during the first two (2) years of its operation there. As with RNs, the applicant can absorb this minimal staffing need using its current staff, and will add additional staff as the utilization of hospice services in Lincoln County increases.

The applicant's RNs are compensated at the rate of $26 per hour, and its home health aides are compensated at the rate of $12 per hour. According to the Tennessee Department of Labor and Workforce Development, 2012 South Central Tennessee Balance of State Occupational Wages, May 2012, registered nurses are compensated at the rate of $27.77 per hour and home health aides are compensated at the rate of $9.04 per hour. Based on this data, the salaries paid by the applicant are competitive with the salaries paid by other employers in the South Central Tennessee area, which includes Bedford, Coffee, Franklin, Giles, Grundy, Lawrence, Lewis, Lincoln, Marshall, Maury, Moore, Perry and Wayne counties.

Three (3) out of four (4) of the applicant's physicians have received certification for the provision of hospice and palliative care services through the American Academy of Hospice and Palliative Medicine, a certification the applicant believes is not held by employees of any other hospice provider in Lincoln County. Obtaining this certification now requires a one (1) year residency by physicians. Thus, it is significant that all but one (1) of the applicant's physicians hold this certification and that the existing hospice providers in Lincoln County have no physicians that hold this certification.

In addition, all of the applicant's registered nurses have received End-of-Life Nursing Education Consortium (ELNEC) training and certification. ELNEC is a national education initiative to improve palliative care that focuses on pain management, symptom control, ethical/legal issues, and other core areas. All of the applicant's RNs are also in the process of receiving ELNEC training for pediatric palliative and hospice care and will complete their training in less than a year. Thus, all of the RNs employed by the applicant, including those who reside in Lincoln County, are ELNEC trained and certified for palliative care, and will soon be ELNEC trained and certified for pediatric palliative and hospice care.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response: The applicant does not anticipate encountering any difficulty ensuring that it has adequate staff to meet the needs of its patients. Hospice Compassus currently has sufficient staff to respond to the needs of Lincoln County residents requesting hospice services. In fact, two (2) full-time Hospice Compassus registered nurse case managers currently live in Lincoln County. As Hospice Compassus' range of available services and patient volume increases, it will add additional staff as necessary to ensure that adequate staff are consistently available.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

Response: The Applicant has reviewed and understands all hospice licensing requirements for the Tennessee Department of Health and intends to comply with the same.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response: Hospice Compassus participates in the nurse training programs operated by Motlow State Community College and Columbia State Community College. As part of the nursing program's community education course requirement, nursing students participate in a one (1) day clinical ride along with a Hospice Compassus nurse.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response: The applicant has reviewed and understands the licensure requirements of the Department of Health and any applicable Medicare requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

Response: Tennessee Department of Health, Board for Licensing Health Care Facilities.

Accreditation:

Response: Not applicable.

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response: The applicant's license from the Tennessee Department of Health and its Clinical Laboratory Improvement Amendments license are included as Attachment C, Contribution to the Orderly Development of Health Care - 7(c). The applicant is in good standing with these agencies.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: Hospice Compassus' most recent licensure/certification inspection, dated April 2010, is included as Attachment C, Contribution to the Orderly Development of Health Care-7(d). Hospice Compassus did not have any deficiencies, so no plan of correction was required.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: No final orders or judgments have been entered in any state or county by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response: There are no final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: If this project is approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and such other data as required.

PROOF OF PUBLICATION

2013 JUL 5 PM 3 5H

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Please see attached affidavit of publication showing that publication occurred in the Elk Valley Times, the Lincoln County newspaper, on July 2, 2013.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**

2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

   Response: The applicant does not anticipate requesting an extension of time at this time.

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

2013 JUL 5 PM 3 54

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): October 23, 2013

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

Phase		DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1.	Architectural and engineering contract signed	N/A	N/A
2.	Department of Health	N/A	N/A
3.	Construction contract signed	N/A	N/A
4.	Building permit secured	N/A	N/A
5.	Site preparation completed	N/A	N/A
6.	Building construction commenced	N/A	N/A
7.	Construction 40% complete	N/A	N/A
8.	Construction 80% complete	N/A	N/A
9.	Construction 100% complete (approved for occupancy	N/A	N/A
10.	*Issuance of license	30	Dec. 1, 2013
11.	*Initiation of service	30	Dec. 1, 2013
12.	Final Architectural Certification of Payment	N/A	N/A
13.	Final Project Report Form (HF0055)	60	Jan. 1, 2014

* **For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

2013 JUL 5 PM 3 55

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Kim H. Looney, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this 5th day of July, 2013, a Notary Public in and for the County/State of Tennessee.

NOTARY PUBLIC

My commission expires, January 6, 2015.

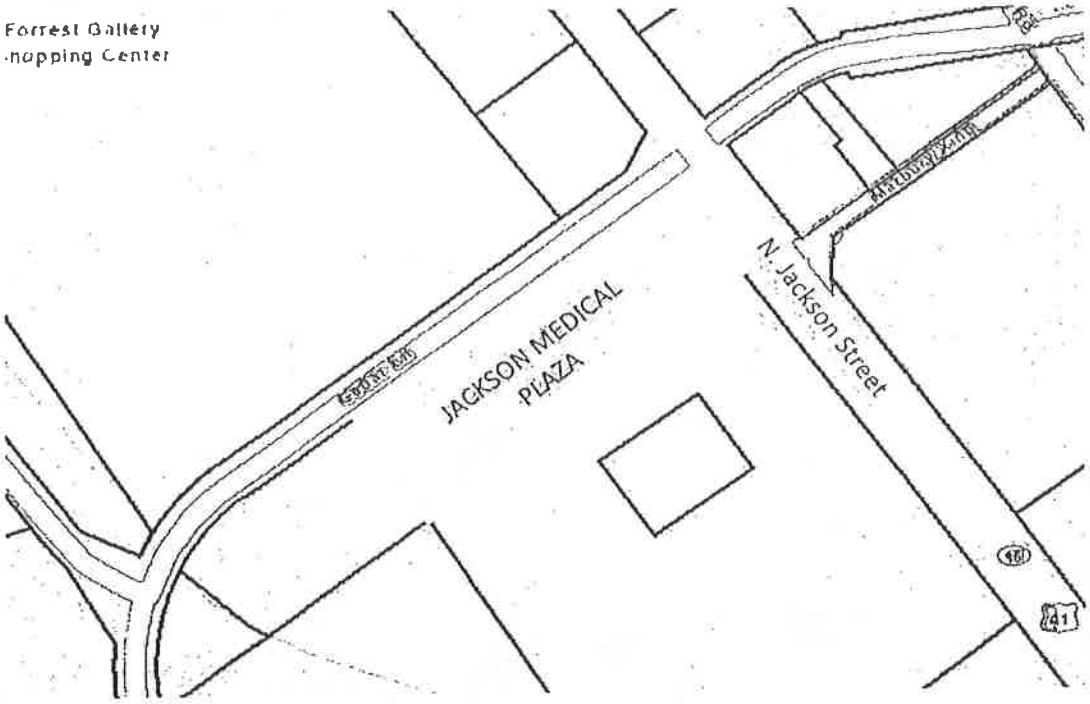
LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.

My Commission Expires JAN. 6, 2015

Attachment B.III(A)
Plot Plan

2013 JUL 5 PM 3 55

Coffee County - Parcel: 109 061.02



Date Created: 3/15/2013

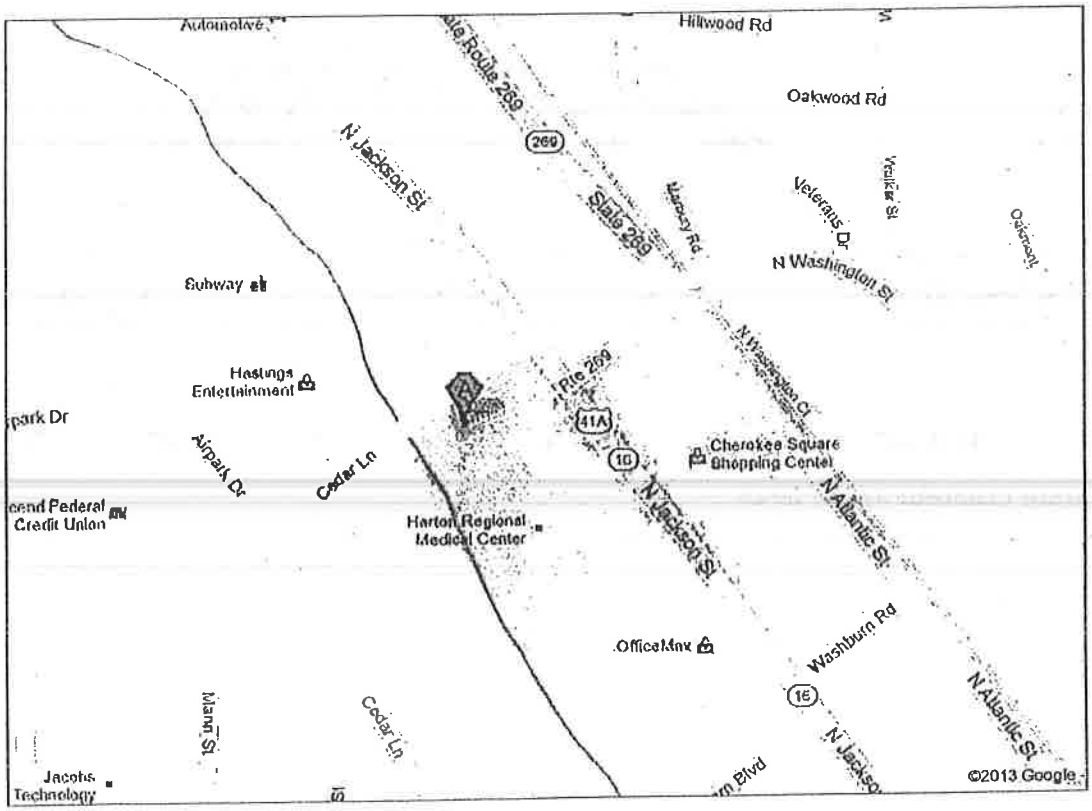
2013 JUL 5 PM 3 55

Google

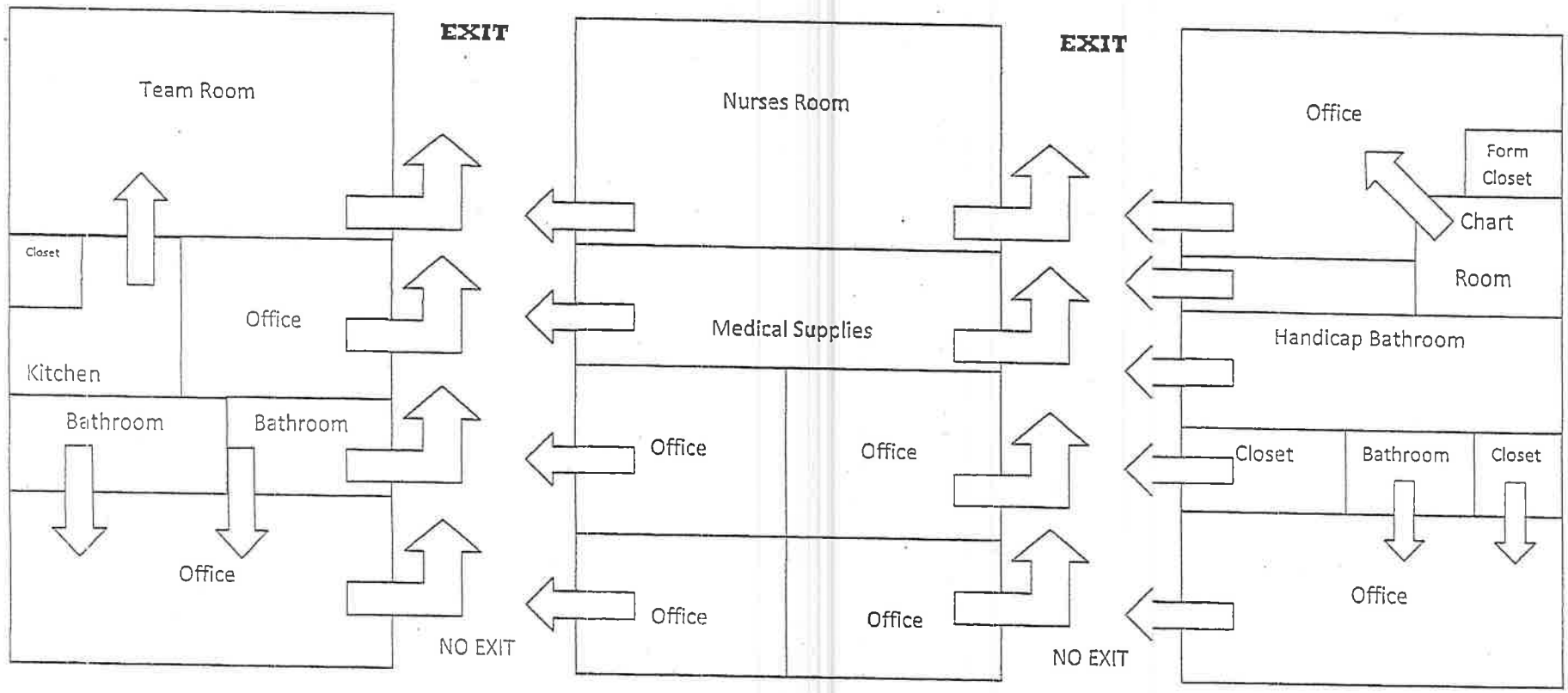
Hospice Compassus, near 1805 N Jackson St, Tullahoma, Coffee, Tennessee 37388

Get Google Maps on your phone
Text the word "GMAPS" to 466453

A. **Hospice Compassus**
1805 N Jackson St, Tullahoma, TN
(931) 455-9118
1 review



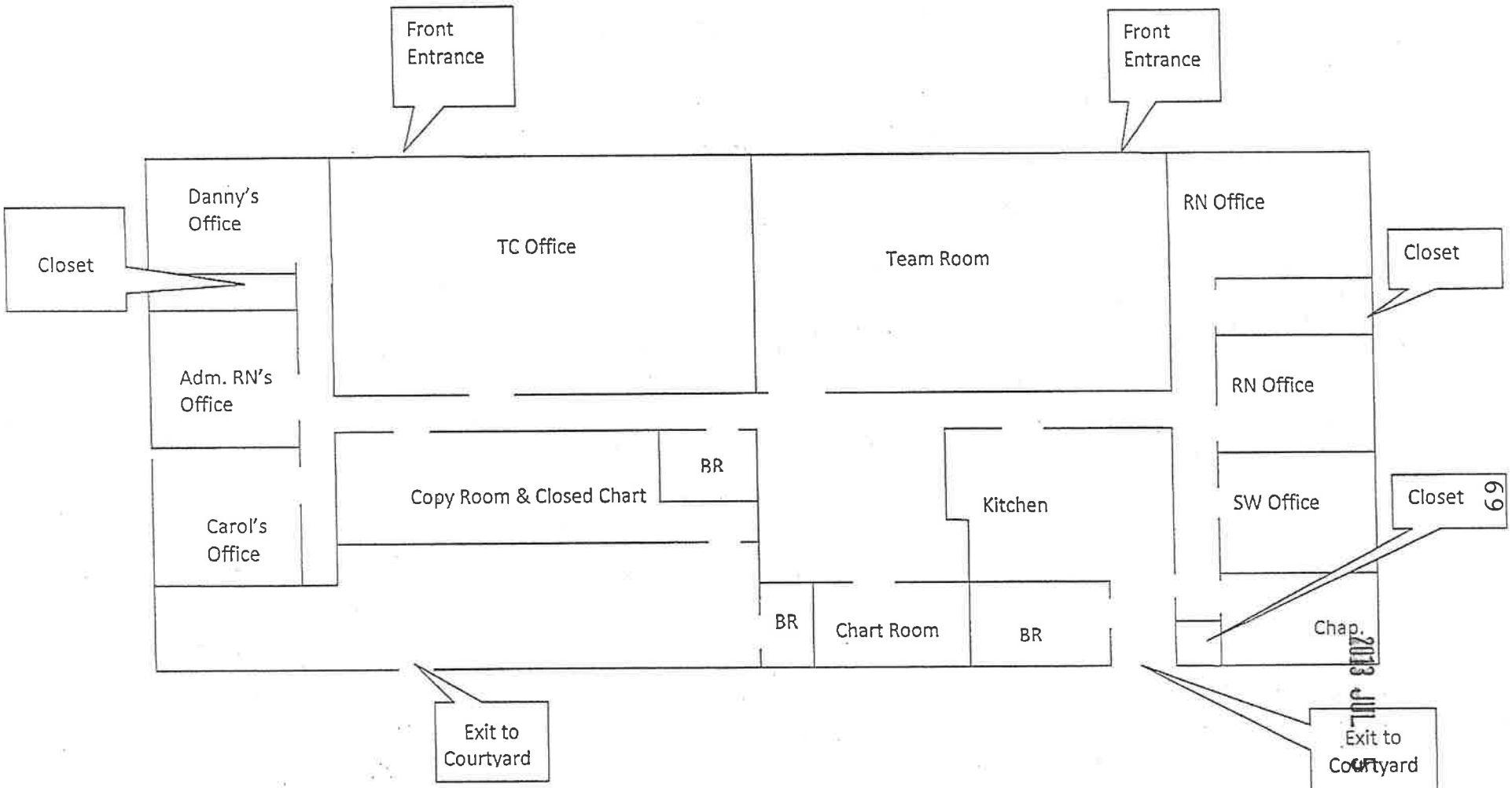
Attachment B-.IV
Floor Plan



Courtyard

EMERGENCY EXIT MAP

2013 JUL 5 PM 3 56



2013 JUL 3 PM 3 58

Attachment C, Need -1(2)
Letters of Support

Vanderbilt Medical Center

Palliative Care

To whom it may concern,

I am the medical director for the Palliative Care Program at Vanderbilt University. Our medical center has worked with Hospice Compassus over the last several years. We have been very impressed with the care they have provided for our patients and their families. I am writing in support of their application to expand hospice services into Lincoln County. I believe having their services available in Lincoln County would allow greater access to needed hospice services for the county.

Please do not hesitate to contact me should you have questions.

Best Regards,

Mohana Karlekar, MD, FACP

Medical Director Palliative Care

1211 Medical Center Drive 7232 VUH Nashville, TN 37232

P 615.322.4298 F 615.343.4205

March 29, 2013

To Whom It May Concern:

I am the Pediatric Palliative Care Coordinator for Monroe Carell Jr. Children's Hospital at Vanderbilt in Nashville, TN. We have been fortunate to refer some of our most vulnerable patients to Compassus Hospice and our palliative care service has had an excellent relationship with them. When a child is able to go home with hospice it helps diminish the need for protracted hospital stays and allows family and friends to be with their loved one (child) in the most comfortable setting.

I look forward to working with Compassus in the future and support the expansion of their service offerings in Tennessee. Please accept my recommendation for the extended needs and coverage in Lincoln County.

Tisha D. Longo, LMSW
Pediatric Palliative Care Coordinator

Vanderbilt Children's Hospital

615.585.6106

Attachment C-Need-1
Health Affairs Article

Health Affairs Expand
content.healthaffairs.org

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Health Aff March 2013 vol. 32 no. 3 552-561

Hospice Enrollment Saves Money For Medicare And Improves Care Quality Across A Number Of Different Lengths-Of-Stay

Amy S. Kelley[1,*], Partha Deb[2], Qingling Du[3], Melissa D. Aldridge Carlson[4] and R. Sean Morrison[5]

[+] Author Affiliations

*Corresponding author

Abstract

Despite its demonstrated potential to both improve quality of care and lower costs, the Medicare hospice benefit has been seen as producing savings only for patients enrolled 53-105 days before death. Using data from the Health and Retirement Study, 2002-08, and individual Medicare claims, and overcoming limitations of previous work, we found $2,561 in savings to Medicare for each patient enrolled in hospice 53-105 days before death, compared to a matched, nonhospice control. Even higher savings were seen, however, with more common, shorter enrollment periods: $2,650, $5,040, and $6,430 per patient enrolled 1-7, 8-14, and 15-30 days prior to death, respectively. Within all periods examined, hospice patients also had significantly lower rates of hospital service use and in-hospital death than matched controls. Instead of attempting to limit Medicare hospice participation, the Centers for Medicare and Medicaid Services should focus on ensuring the timely enrollment of qualified patients who desire the benefit.

Medicare Cost Of Health Care Elderly Health Reform Hospice

As of 2012, 5 percent of the most seriously ill Americans accounted for more than 50 percent of health care spending, with most costs incurred in the last year of life as a result of hospital-based treatment.[1-3] Despite those high and escalating health care costs, numerous studies demonstrate that seriously ill patients and their families receive suboptimal care, characterized by untreated pain and physical symptoms, spiritual and emotional distress, high family caregiving burdens, and unnecessary or unwanted treatments inconsistent with their previously stated wishes and goals for care.[4-11]

Hospice has been shown to greatly improve the quality of care for patients and their families near the end of life. Under Medicare Part A, the hospice benefit covers palliative care services delivered by a team of professionals, including physicians, nurses, social workers, chaplains, home health aides, and volunteers, to dying patients--that is, patients with a life expectancy of six months or less--who are willing to forgo curative treatments.[12]

Studies have consistently demonstrated that hospice is associated with reductions in symptom distress, improved outcomes for caregivers, and high patient and family satisfaction.[8,13-15] Recent evidence also indicates that continuous hospice use reduces the use of hospital-based services—including emergency department visits and intensive care unit stays—and the likelihood of death in the hospital.[16]

The number of hospices has increased rapidly over the past twenty years, making hospice programs available to almost all eligible Americans.[17] Medicare hospice spending has risen considerably with the growth and development of new hospice programs, particularly in the for-profit sector, and the resulting rise in the number of patients accessing the hospice benefit.[18,19]

This increase in spending has led the Centers for Medicare and Medicaid Services to explore methods of containing Medicare hospice spending, such as through payment reform or investigation of hospices with long lengths-of-stay.[20] What is not known, however, is how the length of hospice enrollment relates to overall Medicare spending at the end of life—including what periods of enrollment might

decrease net Medicare costs as compared to usual care and, if they do, by how much.

The length of hospice enrollment that might achieve the greatest cost savings to Medicare is the subject of considerable debate. Some scholars have argued that beneficiaries must be enrolled in hospice longer than current practice to achieve financial savings under Medicare.[21,22,23] Others have found that longer hospice length-of-stay is associated with higher Medicare spending—particularly for those with noncancer diagnoses.[24]

In the largest and most rigorous study to date, Donald Taylor and colleagues observed that hospice enrollment 53-105 days before death maximized Medicare savings compared to usual nonhospice care.[21] However, this study has been criticized for its inability to control for factors not present in Medicare claims that are known to be associated with higher costs, such as patients' functional status.[25]

Another criticism cited notable differences between the hospice and control groups: Hospice users had greater costs in the period preceding hospice enrollment compared with their matched controls.[25] Such limitations cast doubt on the validity of the reported findings regarding both the timing of hospice enrollment to maximize savings and the magnitude of those savings.

Health care reform in the past decade has sharpened the focus on increasing the value of health care and on forging effective policy to guide that process. A clearer understanding of the value of existing Medicare programs thus is required. In this study we aimed to better understand the value of Medicare hospice by examining the relationship between length of hospice enrollment and overall Medicare costs.

Specifically, we compared Medicare costs for patients receiving hospice care to those of patients not receiving hospice care across four different periods of hospice enrollment: 1-7, 8-14, and 15-30 days before death, the most common enrollment periods, and 53-105 days before death. In addition, we investigated both the source of hospice-related savings, if any, such as decreased hospital admissions and fewer hospital and intensive care unit days, and the impact of hospice on selected measures of quality of care at the end of life, including thirty-day readmission rates and in-hospital death rates.

We used the rich survey data from the Health and Retirement Study, in combination with individual Medicare claims, and adjusted for previously unmeasured factors known to influence costs, such as functional status and social characteristics. These analyses revealed that net savings to Medicare are not limited to hospice enrollment 53-105 days prior to death but are also observed across the most common enrollment periods: 1-7, 8-14, and 15-30 days before death.

Study Data And Methods

We examined data from the Health and Retirement Study, a longitudinal survey administered to a nationally representative cohort of adults over age fifty. Serial interviews are conducted every two years and include information on participants' demographic, economic, social, and functional characteristics. Each interview cycle, participants who died since the last interview are identified, and dates of death are drawn from the National Death Index. More than 80 percent of participants provided authorization to merge their survey data with Medicare claims,[26,27] a necessary step in the present analysis.

Sample

We sampled all survey participants who died during 2002-08. We included those age sixty-five or older who had continuous Medicare Parts A and B coverage for twelve months prior to death, while excluding those enrolled with Medicare managed care (for whom claims data were therefore incomplete). This methodology yielded a final sample of 3,069 people, both enrolled and not enrolled in Medicare hospice prior to death.

For the analyses of each enrollment period, we also excluded those who enrolled in hospice prior to the study outcome period (7, 14, 30, and 105 days, respectively) and those whose final predeath interview took place within the study period.

Measures

We categorized periods of enrollment in Medicare hospice before death based on the number of days prior to death that enrollment occurred, as follows: 53-105 days (the period expected to maximize reduction in Medicare spending),[23] 15-30 days, 8-14 days, and 1-7 days. For each period, the primary outcome was total Medicare spending measured from the beginning of the enrollment period to death.

We adjusted expenditures for inflation (2008 dollars) and for geographic differences in Medicare prices. We also examined six other measures of care utilization: hospital admissions, hospital and intensive care unit days, intensive care unit admission (any or none), thirty-day hospital readmission (any or none), and in-hospital death.

We selected independent variables based on our conceptual framework, "Determinants of Treatment Intensity for Patients with Serious Illness," which postulates that treatment intensity is influenced by both regional and patient or family determinants.[28] We selected variables that could serve as empirical measures of each construct in the conceptual model: age; sex; race or ethnicity; education; net worth; marital status; insurance coverage; functional status; residential status; medical conditions; and regional supply of hospital beds, specialist physicians, and local hospital care intensity.

Variables were drawn from Health and Retirement Study data, individual Medicare claims, and the *Dartmouth Atlas of Health Care*.[29] Additional details are provided in the online Appendix.[30]

Statistical Analyses

We employed doubly robust methods combining propensity score matching and regression adjustment.[31] We first determined hospice enrollment in relation to date of death from individual Medicare hospice claims. For each enrollment period, we then developed propensity scores for hospice and nonhospice patients to estimate each subject's likelihood of hospice enrollment during the specified period.

We used logistic regression to estimate the likelihood of hospice enrollment using all of the independent variables, described above, that may be associated with treatment intensity. Additionally, we included as a covariate the number of hospital days prior to the target hospice enrollment period up to six months before death, to account for prior utilization as a predictor of subsequent utilization.

We then matched hospice enrollees to one or many nonhospice controls within ±0.02 of the standard deviation of the propensity scores. Unmatched subjects were excluded. This procedure was completed for each enrollment period, resulting in the following sample sizes: 1,801 (1-7 days), 1,506 (8-14 days), 1,749 (15-30 days), and 1,492 (53-105 days).

We examined bivariate comparisons of unadjusted measures of spending and use, as well as patient characteristics, using the matched, weighted samples. We then conducted multivariable regressions for each of the outcome measures, once again adjusting for all independent variables.

Following the estimation of each fully adjusted regression, we examined the adjusted means, including 95 percent confidence intervals, and incremental effects in outcomes between groups of hospice enrollees and matched nonhospice controls. Additional details are provided in the online Appendix.[30] Analyses were conducted using the statistical analysis software Stata, version 11.

Limitations

Three study limitations are worth noting. First, the data are retrospective, following back from date of death—that is, we employed a mortality follow-back design. This retrospective approach artificially removed the prognostic uncertainty faced by patients and physicians when making treatment decisions. The mortality follow-back design and our inability to randomly assign patients to treatment groups may therefore have biased the results.

However, by using detailed survey data, propensity score matching procedures, and multivariable regression to adjust the results, we minimized the effect of this bias more than could have been achieved through the use of administrative claims data alone.

Second, we were unable to factor into the analysis direct measures of individual preferences and goals of care. We did, however, adjust for all available characteristics known to be potentially associated with treatment preferences, such as education, race, and debility.

Third, we were not able to fully assess quality of care, which, in combination with cost, determines value. We included among our secondary outcomes two markers of potentially low-quality care: thirty-day hospital readmission and in-hospital death. In addition, many prior studies have demonstrated high quality of and satisfaction with hospice and palliative care.[8,13,15,12,16]

Study Results

Subject Characteristics

Among the 3,069 subjects, 1,064 (35 percent) were enrolled in hospice prior to death. The mean hospice length-of-stay was 49 days (median 16 days, range 1-362 days). Patient and regional characteristics of subjects are reported in Appendix Exhibit 1.[30] Subjects' mean age at death was eighty-three years. Subjects were predominantly non-Hispanic white (80 percent), female (56 percent), covered by supplemental private insurance (50 percent), and educated through high school or beyond (58 percent). Fifty-eight percent reported needing no assistance with basic activities of daily living leading up to the study period, while 21 percent resided in a nursing home. Twenty-three percent were eligible for both Medicare and Medicaid.

Hospice Enrollment For 53–105 Days

Eighty-eight (70 percent) subjects enrolled in hospice for 53-105 days prior to death were matched to 1,404 decedents not enrolled in hospice for 53 days or more prior to death. There were no significant differences in patient or regional characteristics between the two groups (Appendix Exhibit 2).[30]

In fully adjusted analyses of outcomes spanning the last 105 days of life, subjects enrolled in hospice for 53-105 days prior to death had significantly lower mean total Medicare expenditures than matched controls ($22,083 versus $24,644, $p < 0.01$) (Exhibit 1). Hospice enrollees during this period also had fewer hospital admissions, intensive care unit admissions, hospital days, thirty-day hospital readmissions, and in-hospital deaths (all $p < 0.01$) compared to nonhospice enrollees. Differences between the groups' total intensive care unit days were not significant in the fully adjusted model ($p = 0.11$). Additional details are provided in Appendix Exhibit 3.[30]

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Exhibit 1

Health Care Use At The End Of Life For Subjects Enrolled In Hospice And Matched Nonhospice Controls

Hospice Enrollment For 15–30 Days

One hundred thirty-three (80 percent) subjects enrolled in hospice for 15-30 days prior to death were matched to 1,616 decedents not enrolled in hospice for 15 days or more prior to death. There were no significant differences in patient or regional characteristics between the two groups (Appendix Exhibit 4).[30]

In fully adjusted analysis of outcomes spanning the last thirty days of life, subjects enrolled in hospice for fifteen to thirty days prior to death had significantly lower average total Medicare expenditures than matched controls ($10,383 versus $16,814, $p < 0.01$) (Exhibit 1). Those enrolled in hospice during this period also had fewer hospital admissions, intensive care unit admissions, hospital days, intensive care unit days, thirty-day hospital readmissions, and in-hospital deaths (all $p < 0.05$). Additional details are provided in Appendix Exhibit 5.[30]

Hospice Enrollment For 8–14 Days

Ninety (70 percent) subjects enrolled in hospice for 8-14 days prior to death were matched to 1,416 decedents not enrolled in hospice for 8 days or more days prior to death. Again, we found no significant differences in patient or regional characteristics between the two groups (Appendix Exhibit 6).[30]

In fully adjusted analysis of outcomes spanning the last fourteen days of life, subjects enrolled in hospice for eight to fourteen days prior to death had significantly lower average total Medicare expenditures than matched controls ($5,698 versus $10,738, $p < 0.01$) (Exhibit 1). Once again, we found that those enrolled in hospice during this period also had fewer hospital admissions, intensive care unit admission, hospital days, and in-hospital deaths (all $p < 0.01$).

The hospice group had fewer intensive care unit days than the nonhospice group, but this difference did not reach statistical significance ($p = 0.11$). Additional details are provided in Appendix Exhibit 7.[10]

Hospice Enrollment For 1–7 Days

Three hundred eight (80 percent) subjects enrolled in hospice for 1–7 days prior to death were matched to 1,493 decedents not enrolled in hospice for 7 days or more prior to death. There were no significant differences in patient or regional characteristics between the two groups (Appendix Exhibit 8).[10]

In fully adjusted analysis of outcomes spanning the last seven days of life, subjects enrolled in hospice for one to seven days prior to death had significantly lower average total Medicare expenditures than matched controls ($4,806 versus $7,457, $p < 0.01$) (Exhibit 1). Consistent with those patterns observed in other enrollment periods, those enrolled in hospice during this period also had fewer hospital admissions, intensive care unit admissions, hospital days, intensive care unit days, and in-hospital deaths (all $p < 0.01$).

Comparing Outcomes Across Hospice Enrollment Periods

Exhibits 2–4 compare the incremental effects in outcomes between subjects enrolled in hospice and nonhospice matched controls across the study periods. The adjusted savings in total Medicare spending ranged from $2,561 for those enrolled 53–105 days prior to death to $6,430 for those enrolled 15–30 days (Exhibit 2).

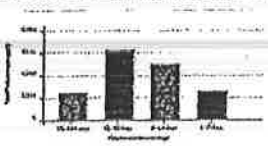

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Exhibit 2

Incremental Savings In Medicare Expenditures, By Various Lengths Of Hospice Enrollment Before Death With Matched Nonhospice Controls

SOURCE Authors' analysis of Health and Retirement Study data linked to Medicare claims. NOTE Total savings to Medicare denote the incremental difference in Medicare spending between hospice and nonhospice groups.

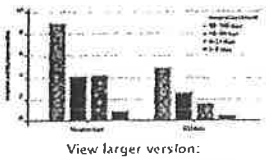

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Exhibit 3

Incremental Reductions In Hospital Days And Intensive Care Unit Days, By Various Lengths Of Hospice Enrollment Before Death With Matched Nonhospice Controls

SOURCE Authors' analysis of Health and Retirement Study data linked to Medicare claims. NOTE Hospital and intensive care unit (ICU) days avoided is expressed as the incremental effect in days between hospice and nonhospice groups.

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Exhibit 4

Incremental Reductions In Hospital Deaths, Intensive Care Unit Admissions, And Thirty-Day Readmissions, By Various Lengths Of Hospice Enrollment Before Death With Matched Nonhospice Controls

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SOURCE Authors' analysis of Health and Retirement Study data linked to Medicare claims.

NOTES Incremental reduction in various outcomes (in-hospital deaths, ICU admissions, and thirty-day hospital readmissions) is expressed as the incremental effect in proportion between hospice and nonhospice groups. ICU is intensive care unit.

The adjusted decrease in total hospital days ranged from 9.0 for those enrolled 53–105 days prior to death to 0.9 for those enrolled 1–7 days, and the decrease in intensive care unit days ranged from 4.9 for those enrolled 53–105 days to 0.5 days for those enrolled 1–7 days (Exhibit 3). The adjusted reduction in in-hospital deaths was similar across groups, and the adjusted reductions in intensive care unit admissions and thirty-day hospital readmissions were largest for those enrolled for 53–105 days (Exhibit 4).

Discussion

Medicare costs for patients enrolled in hospice were significantly lower than those of nonhospice enrollees across all periods studied: 1–7 days, 8–14 days, and 15–30 days, the most common enrollment periods prior to death, as well as 53–105 days, the period previously shown to maximize Medicare savings.[23]

In addition, reductions in the use of hospital services at the end of life both contribute to these savings and potentially improve quality of care and patients' quality of life. Specifically, hospice enrollment was associated with significant reductions in hospital and intensive care unit admissions, hospital days, and rates of thirty-day hospital readmission and in-hospital death.

Evidence Of Medicare Savings

Our results not only are consistent with prior studies for Medicare spending, but they also strengthen this evidence by replicating the results within a sample more thoroughly matched for individual health, functional, and social characteristics, as well as regional factors. Finding no difference between the hospice and control groups' preenrollment health care use is evidence of this improved match, as compared to prior work.[23]

Specifically, Taylor and colleagues reported a maximum reduction in Medicare spending among patients enrolled in hospice for 53–105 days prior to death.[23] We found Medicare savings among this group, too, but we also found a similar level of savings among those enrolled for 1–7 days and increased savings among those enrolled for 8–30 days prior to death. Furthermore, we demonstrated parallel reductions in hospital and intensive care unit use, hospital readmissions, and in-hospital death.

Increasing Value Through Medicare Hospice

These findings, albeit limited to enrollment up to 105 days, are of particular importance because they suggest that investment in the Medicare hospice benefit translates into savings overall for the Medicare system. For example, if 1,000 additional beneficiaries enrolled in hospice for 15–30 days prior to death, Medicare could save more than $6.4 million, while those beneficiaries would be spared 4,100 hospital days. Alternatively, if 1,000 additional beneficiaries enrolled in hospice for 53–105 days before death, the overall savings to Medicare would exceed $2.5 million.

Although our findings suggest that hospice enrollment results in savings to the Medicare program across a number of different lengths-of-stay, this work also highlights several areas for future research.

First, because of the limitations of our data set, we were unable to precisely determine the point at which hospice approaches usual care in terms of costs. Future studies will be needed to address this question.

Second, our data were also not able to identify the differential effects of hospice on specific diagnoses. This is of particular importance given the recent growth of for-profit hospices, which typically enroll more patients with noncancer diagnoses (and longer average lengths-of-stay) compared to not-for-profit programs.

We found that net Medicare savings for patients with longer lengths-of-stay are lower because of the per diem cost of hospice services. However, we note that if 1,000 additional beneficiaries enrolled in hospice for 53–105 days before death, these beneficiaries could avoid 9,000 hospital days at the end of life. Indeed, our

findings suggest that substantial reduction in hospital days—a primary goal of health care reform—is achieved regardless of the length of hospice enrollment.

Finally, our findings cannot be extrapolated to novel models of health care delivery or reimbursement, such as the integration of hospice programs into accountable care organizations or graded per diem payment systems, higher reimbursement for earlier and later days of enrollment, and lower reimbursement for the middle days.[20,37] The ability of these models to achieve savings while maintaining or improving quality is unclear and must be evaluated.

Barriers To Timely Hospice Enrollment

Our results, when taken together with those of prior studies, suggest that hospice increases value by improving quality and reducing costs for Medicare beneficiaries at the end of life. Yet aggressive efforts to curtail Medicare hospice spending, including the Office of Inspector General's investigation of hospices that enroll patients with late-stage diseases but unpredictable prognoses, are ongoing.

Our findings suggest that these efforts may be misguided. Indeed, this study reveals that savings are present for both cancer patients and noncancer patients and that reductions in the use of hospital services and numbers of hospital days, hospital admissions, and hospital deaths appear to grow as the period of hospice enrollment lengthens within the observed study period (up to 105 days). These outcomes not only are less costly but also have all been associated with higher quality of care and increased concordance with patients' preferences.

Although sample-size limitations prevented us from examining enrollment beyond 105 days, the trend in our data and the projections by Taylor and colleagues support the idea that efforts to curtail hospice enrollment may actually increase use and spending overall. Instead of working to reduce Medicare hospice spending and creating a regulatory environment that discourages continued growth in hospice enrollment, the Centers for Medicare and Medicaid Services should focus on ensuring that patients' preferences are elicited earlier in the course of their diseases and that those who want hospice care receive timely referral.

An additional barrier to timely hospice referral may be limited knowledge or misconceptions regarding hospice and palliative care.[38] In particular, the hospice requirement to forgo curative treatments—even if they might not be beneficial—may be difficult for patients and families to accept or prompt fears of health care rationing. Because some treatments may be used for both curative and palliative purposes, this regulation and the variability with which hospice providers interpret it may also cause clinicians to be uncertain about hospice eligibility.[39]

Several recent state and federal policy initiatives are designed to promote patient-centered care, specifically by increasing palliative care education among all health professionals and requiring that clinicians apprise patients of palliative treatment options early in the course of a serious illness.[40–42] Such efforts to elucidate patients' preferences and values early may increase timely referral to hospice.

Finally, highly specialized and fragmented care may also present a barrier to hospice access, particularly for patients with the most complex and highest-cost illnesses: those 5 percent of patients, many in their last year of life, who account for nearly half of the nation's health care spending.[1,3] Not only is care for this group characterized by costly hospital-based treatment, but it is also often highly fragmented and of poor quality, particularly among those who are dually eligible for Medicare and Medicaid.[43] Although many demonstration projects seek to address this concern,[43] few target this population's need for assistance in identifying individualized goals of care and developing comprehensive treatment plans to achieve those goals.

One such comprehensive treatment approach might be the enhancement of formal partnerships between hospital palliative care teams and hospice. Evidence from existing models that incorporate hospital palliative care services demonstrates improvement in quality indicators, heightened patient and family satisfaction, reduced hospital use, and increased rates of hospice referral.[44] These benefits may be even more substantial if formal relationships between established palliative care teams and community hospice programs were developed in order to offer a bridge to timely hospice enrollment.

Conclusion

Hospice enrollment during the longer period of 53-105 days prior to death and the most common period within 30 days prior to death lowers Medicare expenditures, rates of hospital and intensive care unit use, 30-day hospital readmissions, and in-hospital death. Building upon prior studies of hospice and palliative care that have demonstrated higher quality and improved patient and family satisfaction,[8,13,15,32,33,36] this finding suggests that hospice and palliative care are critical components in achieving greater value through health care reform: namely, improved quality and reduced costs.

Medicare should thus seek to expand access to hospice services so that hospice can contribute to its full potential to the overall value of care. To do so, substantial barriers to timely hospice enrollment must be overcome. The Centers for Medicare and Medicaid Services should abandon efforts to reduce Medicare hospice spending and delay hospice enrollment and should instead focus on ensuring that people who want hospice care receive timely referral.

Within the current Medicare hospice benefit, several approaches may expand access and increase appropriate and timely referral to hospice. These approaches include formalized partnerships between hospital palliative care programs and community hospice programs and the promotion of patient-centered care by educating patients, families, and physicians about the availability and benefits of hospice and palliative care services.

Finally, ongoing demonstration projects and novel models of health care delivery and reimbursement should place a high priority on the rigorous evaluation of hospice service use and its impact on the value of care.

Acknowledgments

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ABOUT THE AUTHORS: AMY S. KELLEY, PARTHA DEB, QINGLING DU, MELISSA D. ALDRIDGE CARLSON & R. SEAN MORRISON

In this month's *Health Affairs*, Amy Kelley and coauthors report on their study examining Medicare costs for hospice patients enrolled for different lengths-of-stay, ranging from 1 day to 105 days. Using data from the Health and Retirement Study and individual Medicare claims, they found savings for Medicare across all lengths-of-stay examined. Hospice patients also had less hospital use than matched controls, and thus a higher quality of life. The authors argue that instead of attempting to limit Medicare hospice participation for fear of not seeing savings, the Centers for Medicare and Medicaid Services should focus on ensuring the timely enrollment of qualified patients who desire the benefit.

Kelley is an assistant professor in the Brookdale Department of Geriatrics and Palliative Medicine, Icahn School of Medicine at Mount Sinai, and is a board-certified physician in internal medicine, geriatric medicine, and palliative medicine. Her research focuses on improving the quality of care for older adults with serious medical illness. She is particularly interested in regional practice variations and the relationship between patient characteristics and treatment intensity.

In 2012 Kelley was selected for the Paul B. Beeson Career Development Award in Aging Research from the National Institute on Aging and won the American Geriatrics Society's best paper award in geriatrics research. Kelley earned a master's degree in health services from the University of California, Los Angeles, and a medical degree from Cornell University.

Partha Deb is a professor and director of graduate studies in the Department of Economics at Hunter College and a professor at the Graduate Center, City University of New York. He is also an adjunct professor at the School of Public Health, Hunter College; a senior adviser at the Center for Medicare and Medicaid Innovation, Department of Health and Human Services; a research associate at the National Bureau of Economic Research; and a faculty fellow at the Brookdale

Center for Healthy Aging and Longevity, Hunter College. Deb also serves on the editorial board of *Health Services Research*. He earned a master's degree and a doctorate in economics from Rutgers University.

Qingling Du is a statistician in the Brookdale Department of Geriatrics and Palliative Medicine, Icahn School of Medicine at Mount Sinai. Her work focuses on developing statistical models to study health care delivery systems. Du earned a master's degree in statistics from the University of Chicago.

Melissa Aldridge Carlson is an assistant professor in the Brookdale Department of Geriatrics and Palliative Medicine, Icahn School of Medicine at Mount Sinai, and the director of research methods training for the Mount Sinai Medical Student Training in Aging Research Program. She is a member of the National Palliative Care Research Center's Scientific Review Committee and serves on the editorial board of the *Journal of Palliative Medicine*. She earned an MBA from New York University, a master's degree in public health from Columbia University, and a doctorate in health policy and administration from Yale University.

Sean Morrison is a tenured professor in the Brookdale Department of Geriatrics and Palliative Medicine, Icahn School of Medicine at Mount Sinai; director of the school's Hertzberg Palliative Care Institute; and the Herman Merkin Professor of Palliative Care. He is the director of the National Palliative Care Research Center and was the president of the American Academy of Hospice and Palliative Medicine. Morrison serves on the editorial board of *Palliative Medicine* and is the senior associate editor of the *Journal of Palliative Medicine*. He earned a medical degree from the University of Chicago.

NOTES

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National Hospice and Palliative Care Organization

Hospice Action Network

Hospice Enrollment Saves Money for Medicare and Improves Care Quality Across A Number of Different Lengths-Of-Stay

New research out of Mount Sinai's Icahn School of Medicine, published in the March 2013 issue of *Health Affairs,* found that hospice enrollment saves money for Medicare and improves care quality for Medicare beneficiaries with a number of different lengths of services. The National Hospice and Palliative Care Organization and the Hospice Action Network applaud this study that adds to a growing body of researching demonstrating the value of hospice care both in terms of high quality and cost savings.

Context

"Health care reform in the past decade has sharpened the focus on increasing the value of health care and on forging effective policy to guide that process. A clearer understanding of the value of existing Medicare programs thus is required. In this study we aimed to better understand the value of Medicare hospice by examining the relationship between length of hospice enrollment and overall Medicare costs."

Key Points

"Our results, when taken together with those of prior studies, suggest that hospice increases value by improving quality and reducing costs for Medicare beneficiaries at the end of life."

- Savings found in every enrollment period tested; 1-7, 8-14, 15-30, and 53-105 days of care.

  "These findings, albeit limited to enrollment up to 105 days, are of particular importance because they suggest that investment in the Medicare hospice benefit translates into savings overall for the Medicare system."

- Reduction in hospital admissions and days, ICU admissions and days, 30 day hospital re-admissions and in-hospital deaths seen in every enrollment period tested.

  "Indeed, our findings suggest that substantial reduction in hospital days—a primary goal of health care reform—is achieved regardless of the length of hospice enrollment."

- Efforts by government regulators to curtail Medicare hospice spending could be misguided.

> "Yet aggressive efforts to curtail Medicare hospice spending, including the Office of Inspector General's investigation of hospices that enroll patients with late-stage diseases but unpredictable prognoses, are ongoing. "Our findings suggest that these efforts may be misguided. Indeed, this study reveals that savings are present for both cancer patients and noncancer patients and that reductions in the use of hospital services and numbers of hospital days, hospital admissions, and hospital deaths appear to grow as the period of hospice enrollment lengthens within the observed study period (up to 105 days). These outcomes not only are less costly but also have all been associated with higher quality of care and increased concordance with patients' preferences."

- Authors point to the 2007 Duke University Study, lead by Donald H. Taylor and colleagues, for additional support.

> "Although sample-size limitations prevented us from examining enrollment beyond 105 days, the trend in our data and the projections by Taylor* and colleagues support the idea that efforts to curtail hospice enrollment may actually increase use and spending overall. Instead of working to reduce Medicare hospice spending and creating a regulatory environment that discourages continued growth in hospice enrollment, the Centers for Medicare and Medicaid Services should focus on ensuring that patients' preferences are elicited earlier in the course of their diseases and that those who want hospice care receive timely referral."

<u>*Relevant Points from the 2007 Duke University Study</u>

- The research by Taylor and colleagues also quantified that hospice saves Medicare money.

> The Duke study found "...that hospice reduced Medicare program expenditures by an average of $2,309 per hospice user."

- Taylor found that while hospices began by primarily serving cancer patients, the Hospice Medicare Benefit saves money for cancer and non-cancer patients.

> "The use of hospice decreased Medicare expenditures for cancer patients until the 233rd day of care and until the 153rd day of care for non-cancer patients."

- Taylor and colleagues also suggested that there should be a focus on lengthening the time patients received hospice care services.

> "Increasing length of hospice use by just three days would increase savings due to hospice by nearly 10 percent, from around $2,300 to $2,500 per hospice user."

Attachment C-Need-1
Hospice Need Spreadsheet

	A			B		at 80%		at 75%		at 70%	
	Hospice Patients Served			Total Deaths	Hospice Penetr	Shows Need	# of Pts	Shows Need	# of Pts	Shows Need	# of Pts
	2011	2010	Mean	Mean	Rate						
Anderson	401	416	409	891	0.458	no				no	
Bedford	162	100	131	429	0.305	yes	2	no		no	
Benton	88	89	89	237	0.373	no		no		no	
Bledsoe	47	50	49	126	0.385	no		no		no	
Blount	533	572	553	1,258	0.439	no		no		no	
Bradley	451	429	440	917	0.480	no		no		no	
Campbell	77	174	126	499	0.252	yes	30	yes	20	yes	10
Cannon	41	34	38	156	0.240	yes	11	yes	8	yes	5
Carroll	227	221	224	405	0.554	no		no		no	
Carter	300	273	287	626	0.458	no		no		no	
Cheatham	173	171	172	348	0.495	no		no		no	
Chester	53	40	47	177	0.263	yes	8	yes	5	yes	2
Claiborne	80	103	92	389	0.235	yes	29	yes	22	yes	14
Clay	19	19	19	111	0.171	yes	16	yes	13	yes	11
Cocke	237	183	210	424	0.496	no		no		no	
Coffee	253	173	213	611	0.349	no		no		no	
Crockett	59	54	57	176	0.322	no		no		no	
Cumberland	342	315	329	710	0.463	no		no		no	
Davidson	3,656	3,540	3,598	4,890	0.736	no		no		no	
Decatur	45	51	48	164	0.294	yes	3	no		no	
DeKalb	87	67	77	228	0.338	no		no		no	
Dickson	322	298	310	490	0.633	no		no		no	
Dyer	183	177	180	418	0.431	no		no		no	
Fayette	121	139	130	335	0.389	no		no		no	
Fentress	23	36	30	219	0.135	yes	39	yes	34	yes	30
Franklin	281	250	266	460	0.577	no		no		no	
Gibson	335	316	326	677	0.481	no		no		no	
Giles	149	131	140	344	0.408	no		no		no	
Grainger	90	90	90	254	0.354	no		no		no	
Greene	526	470	498	836	0.596	no		no		no	
Grundy	95	70	83	195	0.423	no		no		no	
Hamblen	315	297	306	688	0.445	no		no		no	

B

2011 Deaths			
Total	0-17	18-64	65 +
856	11	200	645
447	10	141	296
244	1	67	176
128	1	53	74
1,237	14	310	913
923	12	259	652
481	2	158	321
160	2	41	117
429	5	105	319
622	7	154	461
357	5	125	227
176	3	48	125
425	4	142	279
116	0	39	77
446	4	157	285
628	6	174	448
179	1	45	133
736	9	189	538
4,826	94	1,538	3,194
156	2	33	121
221	1	76	144
502	2	165	335
428	10	136	282
304	6	88	210
213	2	85	126
468	3	119	346
677	12	187	478
359	2	112	245
250	4	84	162
852	7	252	593
203	1	76	126
671	8	187	476

B

2010 Deaths			
Total	65 +	18-64	0-17
926	675	240	11
411	290	113	8
230	145	81	4
124	88	34	2
1,278	902	364	12
911	622	282	7
517	360	154	3
152	98	52	2
380	292	87	1
630	454	166	10
338	213	117	8
177	124	51	2
353	230	118	5
106	71	33	2
401	277	123	1
593	436	145	12
172	122	47	3
684	496	180	8
4,954	3,342	1,504	108
171	126	44	1
234	150	83	1
477	320	146	11
408	292	109	7
365	251	105	9
225	136	85	4
452	343	107	2
676	493	175	8
328	235	89	4
258	176	81	1
819	560	252	7
187	126	60	1
705	513	185	7

Hamilton	2,758	2,293	2,526	3,210	0.787	no		no		no		3,317	58	906	2,353	3,102	2,200	848	54
Hancock	27	23	25	99	0.254	yes	6	yes	4	yes	2	106	1	39	66	91	58	30	3
Hardeman	85	94	90	294	0.305	yes	2	no		no		292	8	100	184	295	196	97	2
Hardin	96	73	85	329	0.257	yes	18	yes	11	yes	5	341	4	103	234	316	224	86	6
Hawkins	276	262	269	650	0.414	no		no		no		681	11	185	485	619	426	186	7
Haywood	65	71	68	188	0.363	no		no		no		182	3	65	114	193	137	51	5
Henderson	107	101	104	306	0.340	no		no		no		299	4	103	192	312	222	88	2
Henry	171	176	174	447	0.388	no		no		no		441	7	114	320	453	334	111	8
Hickman	118	84	101	262	0.385	no		no		no		274	2	91	181	250	176	69	5
Houston	40	33	37	102	0.360	no		no		no		106	2	29	75	97	71	26	0
Humphreys	62	42	52	226	0.231	yes	18	yes	14	yes	9	240	4	58	178	211	155	53	3
Jackson	27	25	26	140	0.186	yes	17	yes	15	yes	12	135	0	41	94	144	98	46	0
Jefferson	263	273	268	555	0.483	no		no		no		563	10	161	392	546	388	150	8
Johnson	83	75	79	187	0.422	no		no		no		183	2	52	129	191	132	58	1
Knox	2,208	1,961	2,085	3,962	0.526	no		no		no		3,980	47	1,135	2,798	3,944	2,761	1,136	47
Lake	24	25	25	97	0.254	yes	6	yes	4	yes	2	104	0	35	69	89	68	20	1
Lauderdale	108	106	107	263	0.408	no		no		no		259	5	100	154	266	193	65	8
Lawrence	179	171	175	475	0.368	no		no		no		476	5	124	347	474	347	118	9
Lewis	42	47	45	139	0.321	no		no		no		144	0	37	107	133	97	35	1
Lincoln	116	93	105	388	0.269	yes	16	yes	9	yes	1	380	6	88	286	396	305	83	8
Loudon	275	207	241	512	0.471	no		no		no		525	4	139	382	498	374	118	6
McMinn	306	306	306	628	0.487	no		no		no		632	4	194	434	624	437	181	6
McNairy	114	96	105	338	0.311	yes	0	no		no		307	2	93	212	369	252	115	2
Macon	36	44	40	247	0.162	yes	37	yes	32	yes	27	252	1	79	172	242	151	87	4
Madison	487	450	469	879	0.533	no		no		no		843	19	233	591	915	642	257	16
Marion	135	161	148	314	0.471	no		no		no		311	3	108	200	317	229	83	5
Marshall	139	114	127	318	0.398	no		no		no		329	3	119	207	306	217	84	5
Maury	390	385	388	743	0.522	no		no		no		760	7	195	558	726	484	229	13
Meigs	68	63	66	155	0.424	no		no		no		138	0	50	88	171	109	60	2
Monroe	185	176	181	501	0.360	no		no		no		509	6	166	337	493	358	129	6
Montgomery	498	503	501	1,037	0.483	no		no		no		1,023	24	322	677	1,051	642	369	40
Moore	11	13	12	67	0.179	yes	9	yes	8	yes	6	72	0	15	57	62	47	14	1
Morgan	56	31	44	221	0.197	yes	25	yes	21	yes	16	210	4	57	149	231	152	75	4
Obion	188	159	174	378	0.459	no		no		no		406	4	100	302	350	258	86	6
Overton	54	50	52	262	0.198	yes	29	yes	24	yes	19	259	2	83	174	265	188	76	1
Perry	21	22	22	96	0.224	yes	8	yes	6	yes	5	102	0	31	71	90	63	24	3

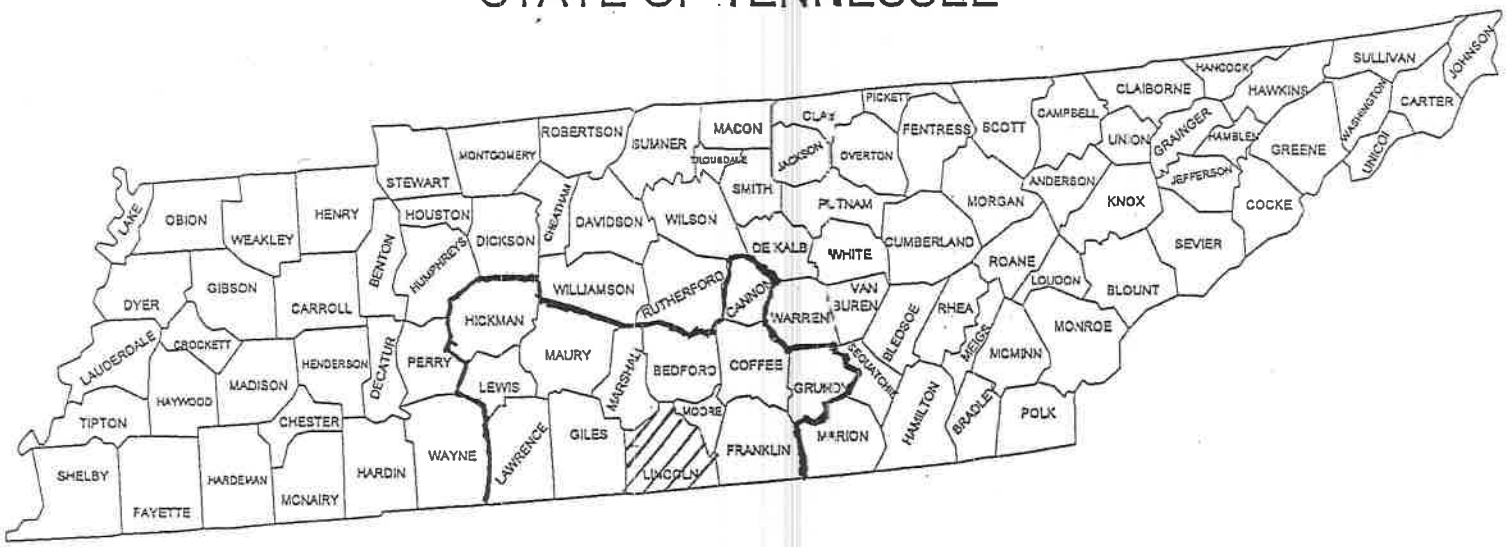
Pickett	12	6	9	62	0.145	yes	10	yes	9	yes	8	75	0	16	59	49	40	8	1
Polk	103	83	93	206	0.453	no		no		no		209	4	63	142	202	147	52	3
Putnam	331	320	326	677	0.481	no		no		no		687	8	179	500	667	497	164	6
Rhea	178	162	170	340	0.500	no		no		no		331	8	96	227	349	239	110	0
Roane	264	256	260	675	0.385	no		no		no		661	9	198	454	688	494	189	5
Robertson	315	335	325	590	0.551	no		no		no		616	8	183	425	564	385	169	10
Rutherford	783	753	768	1,569	0.490	no		no		no		1,591	28	491	1,072	1,546	982	528	36
Scott	24	41	33	246	0.132	yes	44	yes	39	yes	34	272	4	107	161	220	154	61	5
Sequatchie	98	107	103	145	0.709	no		no		no		146	1	40	105	143	94	46	3
Sevier	403	358	381	877	0.434	no		no		no		855	7	261	587	899	601	287	11
Shelby	3,843	3,382	3,613	7,431	0.486	no		no		no		7,401	192	2,541	4,668	7,460	4,765	2,503	192
Smith	36	39	38	222	0.169	yes	31	yes	27	yes	23	225	0	69	156	218	158	58	2
Stewart	63	49	56	163	0.345	no		no		no		166	2	51	113	159	110	47	2
Sullivan	1,280	1,293	1,287	1,945	0.662	no		no		no		1,975	22	450	1,503	1,914	1,405	490	19
Sumner	682	645	664	1,288	0.515	no		no		no		1,319	24	382	913	1,256	867	360	29
Tipton	189	179	184	498	0.370	no		no		no		501	6	156	339	494	331	150	13
Trousdale	25	15	20	91	0.220	yes	8	yes	7	yes	5	83	3	23	57	99	67	28	4
Unicoi	246	191	219	252	0.869	no		no		no		254	2	58	194	249	183	61	5
Union	26	87	57	188	0.301	yes	2	no		no		208	3	77	128	167	106	58	3
Van Buren	16	18	17	59	0.291	yes	1	yes	0	no		58	1	21	36	59	39	18	2
Warren	200	220	210	475	0.443	no		no		no		484	7	138	339	465	339	122	4
Washington	767	725	746	1,261	0.592	no		no		no		1,305	13	354	938	1,217	877	332	8
Wayne	69	57	63	174	0.362	no		no		no		169	1	50	118	179	131	46	2
Weakley	151	128	140	366	0.381	no		no		no		375	6	101	268	357	270	82	5
White	125	102	114	341	0.333	no		no		no		362	1	103	258	320	209	108	3
Williamson	576	555	566	952	0.594	no		no		no		965	13	207	745	939	720	205	14
Wilson	498	440	469	876	0.535	no		no		no		908	12	282	614	844	563	261	20
			C	D															
Total	30,892	28,702	29,797	59,650	0.500		425		331		247	60,102	898	17,792	41,412	59,197	40,922	17,298	977
Median					0.389														
80% of Median					0.311														
75% of median					0.291														
70% of median					0.272														
												TDH	TDH	TDH	TDH	TDH	TDH	TDH	TDH

Source: 2010-11 JAR 2009-10 JAR

Attachment C-Need-3
Service Area Map

2013 JUL 5 PM 3 58

STATE OF TENNESSEE



Existing Service Area

Proposed Service Area

Attachment C, Economic Feasibility-2
Financing Letter

March 14, 2013

Ms. Melanie Hill
Executive Director
Health Services & Development Agency
Suite 850
500 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application for Community Hospices of America – Tennessee, LLC.

Dear Ms. Hill;

As an Executive of Community Hospices of America – Tennessee, LLC., a wholly owned subsidiary of CLP Healthcare Services, Inc., with corporate responsibilities in the finance areas of company operations, I can state on behalf of CLP Healthcare Services, Inc. that the organization supports the CON application by Community Hospices of America – Tennessee, LLC, a Tennessee hospice, for the addition of Lincoln County to its hospice service area.

The estimated costs to complete the project are $28,000. I, as the Chief Financial Officer of CLP Healthcare Services, Inc., affirm that Hospice Compassus has sufficient cash reserves to fund this project upon the approval of the CON application by the appropriate authorities in Tennessee.

Sincerely,

Tony James
Chief Financial Officer

Attachment C, Economic Feasibility-10
Income Statement / Balance Sheet

Balance Sheet Highlights

2013 JUL 5 PM 3 56

	December 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 6,942,663	$ 13,182,631
Accounts receivable from patient services	17,517,071	14,316,569
Other current assets	4,096,513	2,160,473
Total current assets	28,556,247	29,659,673
Property and equipment, net	6,205,013	5,754,705
Goodwill	137,073,587	126,956,637
Intangible assets, net	2,006,515	2,423,766
Other assets	1,277,933	1,635,078
Total assets	$ 175,119,295	$ 166,429,859
Liabilities and stockholders' equity		
Current liabilities	21,618,474	15,669,827
Long-term debt, less current maturities	69,734,208	74,570,609
Other noncurrent liabilities	1,469,841	1,469,841
Total liabilities	92,822,523	91,710,277
Total stockholders' equity	82,296,772	74,719,582
Total liabilities and stockholders' equity	$ 175,119,295	$ 166,429,859

2013 JUL 5 PM 3 56

REGIONS

April 25, 2013

Community Hospices of America, Inc.
Kerry Massey
Vice President & Corporate Controller
12 Cadillac Dr. Suite 360
Brentwood, TN 37027-5361

To Whom It May Concern:

Mr. Massey:

Per your request please find below the 2012 month ending cash balances:

March 2012	$3,314,650.87
June 2012	$3,618,584.18
September 2012	$3.991.274.95
December 2012	$8,166,019.79

Please let me know if you have any questions or need further information.

Thank you,

Karen Crowe

Karen Crowe
Relationship Banking Assistant
Commercial Banking Officer
Phone: 205-326-5663

Attachment C, Contribution to the Orderly Development of Health Care-7(c) CLIA License

Board for Licensing Health Care Facilities

State of Tennessee

License No. 0000000334

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

COMMUNITY HOSPICES OF AMERICA - TENNESSEE, LLC

to conduct and maintain a

Hospice HOSPICE COMPASSUS-THE HIGHLAND RIM

Located at 1805 N. JACKSON STREET, SUITES 5 & 6, TULLAHOMA

County of COFFEE *, Tennessee.*

This license shall expire NOVEMBER 27 *,* 2013 *, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 1ST *day of* JULY *,* 2012 *.*

By Vincent J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [signature]

COMMISSIONER

99

CENTERS FOR MEDICARE & MEDICAID SERVICES

CLINICAL LABORATORY IMPROVEMENT AMENDMENTS

CERTIFICATE OF WAIVER

LABORATORY NAME AND ADDRESS

COMMUNITY HOSPICES OF AMERICA-TENNESSE
D/B/A HOSPICE COMPASSUS-THE HIGHLAND R
1805 N JACKSON ST STE 5-6
TULLAHOMA, TN 37388

CLIA ID NUMBER

44D1088122

EFFECTIVE DATE

08/18/2012

LABORATORY DIRECTOR

TINA WATSON RN

EXPIRATION DATE

08/17/2014

Pursuant to Section 353 of the Public Health Services Act (42 U.S.C. 263a) as revised by the Clinical Laboratory Improvement Amendments (CLIA), the above named laboratory located at the address shown hereon (and other approved locations) may accept human specimens for the purposes of performing laboratory examinations or procedures.

This certificate shall be valid until the expiration date above, but is subject to revocation, suspension, limitation, or other sanctions for violation of the Act or the regulations promulgated thereunder.

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Judith A. Yost

Judith A. Yost, Director
Division of Laboratory Services
Survey and Certification Group
Center for Medicaid and State Operations

100

802 certs1_051812

Attachment C, Contribution to the Orderly Development of Health Care-7(d) Survey

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

April 23, 2010

Mr. Steven Yeatts, Administrator
Hospice Compassus
936 N Jackson Street
Tullahoma TN 37388

Re: 44-1570, Lic #334

Dear Mr. Yeatts:

The East Tennessee Regional Office conducted a recertification survey at your facility on April 12-14, 2010. As a result of the survey, no deficient practice was found.

If our office may be of assistance to you, please feel free to call (865) 588-5656.

Sincerely,

Faye Vance/dt

Faye Vance, R.N., B.S., M.S.N.
Public Health Nurse Consultant Manager

FV/dt

Enclosure

PRINTED: 04/15/2010
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	441570	A. BUILDING _____ B. WING _____	04/14/2010

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
HOSPICE COMPASSUS	936 N JACKSON STREET TULLAHOMA, TN 37388

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
L 000	INITIAL COMMENTS During recertification survey conducted on April 12-14, 2010, at Hospice Compassus, no deficiencies were cited under 42 CFR PART 418.52 Requirements for Hospice.	L 000		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

PRINTED: 04/16/2010
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP549334	A. BUILDING _____ B. WING _____	04/14/2010

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
HOSPICE COMPASSUS	936 N JACKSON STREET TULLAHOMA, TN 37388

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 002	1200-8-27 No Deficiencies During Licensure survey conducted on April 12-14, 2010, at Hospice Compassus, no deficiencies were cited under 1200-8-27 Standards for Home Care Organizations Providing Hospice Services.	H 002		

Proof of Publication

2013 JUL 5 PM 3 57

AFFIDAVIT OF PUBLICATION

STATE OF TENNESSEE
COUNTY OF LINCOLN

Mrs. Ollivene Mitchell personally appeared before me, the undersigned authority, and made oath that she is the Classified Representative of The Elk Valley Times and that attached notice was published once in said publication, that being on July 3 2013.

Signed: Ollivene Mitchell

Sworn to and subscribed before me at Fayetteville, Tennessee, this third

Day of July 2013.

Kimberly F. Sink
Notary Public

9/24/14
Commission Expires

KIMBERLY F. SINK
STATE OF TENNESSEE NOTARY PUBLIC
LINCOLN COUNTY

www.elkvalleytimes.com

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105 ANNOUNCEMENTS

All residential real estate advertised herein is subject to the Federal Fair Housing Act and applicable state and local laws. The Fair Housing Act makes it illegal to advertise "any preference, limitation, discrimination because of race, color, religion, sex, handicap, familial status, or national origin, or intention to make any such preference, limitation or discrimination."

We will not knowingly accept any advertising for residential real estate that appears to or violate federal and/or state and local law.

CLASSIFIED ERROR RESPONSIBILITY
We take great care to avoid typographical errors. However, in the event of an error, we are responsible only for the first incorrect insertion of an ad. We do not assume any responsibility for any reason, for an error in an ad beyond the cost of the ad itself. Management reserves the right to reject, revise & properly classify all advertisements. Ad position has no bearing on the results you receive and cannot be guaranteed.

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NOTIFICATION OF DISPOSITION OF REPOSSESSED COLLATERAL
Please take notice that there will be a sale of a 1994 Dodge truck, Model 150, to the highest qualified bidder by public sale, July 12, 2013 at 11 a.m. at AC Sales, 2717 Huntsville Hwy., Fayetteville, TN. For information contact: William E. Simms, Attorney at Law, P. O. Box 53, Fayetteville, Tennessee, 37334. 931-433-1044.

130 PUBLIC NOTICES

SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on July 23, 2013 at 10:00AM local time, at the east door, Lincoln County Courthouse, Fayetteville, Tennessee, conducted by Shapiro & Kirsch, LLP Substitute Trustee, pursuant to Deed of Trust executed by Willa Clark, unmarried, to First American Title Company, Trustee, on October 17, 2005 at Book TD549, Page 427; all of record in the Lincoln County Register's Office.
Party entitled to enforce security interest: CitiMortgage, Inc.
The following real estate located in Lincoln County, Tennessee, will be sold to the highest call bidder subject to all unpaid taxes, prior liens and encumbrances of record:
Lying and situated in the 8th Civil District of Lincoln County, Tennessee and more particularly described as follows:
BEING Lot Number 32 of the Radio City Subdivision of the Town of Fayetteville; which subdivision is to be found of record in the Register's Office of Lincoln County, Tennessee, in Plat Book N-6, Page 1.
Street Address: 1403 Swanson Boulevard, Fayetteville, Tennessee 37334
Parcel Number: 079B-A-023.00
Current Owner(s) of Property: Willa Clark, unmarried
The street address of the above described property is believed to be 1403 Swanson Boulevard, Fayetteville, Tennessee 37334, but such address is not part of the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control.
SALE IS SUBJECT TO TENANT(S) RIGHTS IN POSSESSION.
All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust, and the title is believed to be good, but the undersigned will sell and convey only as Substitute Trustee.
If the highest bidder cannot pay the bid within twenty-four (24) hours of the sale, the next highest bidder, at their highest bid, will be deemed the successful bidder.
This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time.

Shapiro & Kirsch, LLP Substitute Trustee
www.kirschattorneys.com
Law Office of Shapiro & Kirsch, LLP
555 Perkins Road Extended, Second Floor
Memphis, TN 38117
Phone (901)767-5566
Fax (901)761-5690
File No. 13-048792

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

Sale at public auction will be on July 25, 2013 at 12:00 PM local time, at the east door entrance of the Lincoln County Courthouse located in Fayetteville, Lincoln County, Tennessee, pursuant to Deed of Trust executed by Curtis Michael Cothren, to Andrew C. Rambo, Trustee, as trustee for First Community Mortgage, Inc. on 29th day of September, 2006 in REC Book TD573, Page 332-347 at Instrument Number 06005805, in the Office of the Register of Lincoln County, Tennessee; conducted by York Trustee Services, LLC, having been appointed Substitute or Successor Trustee. Default has occurred in the performance of the covenants, terms, and conditions of said Deed of Trust and the entire indebtedness has been declared due and payable.

Party Entitled to Enforce the Debt: Nationstar Mortgage LLC

The following real estate located in Lincoln County, Tennessee, will be sold to the highest call bidder:

Described property located in Lincoln County, Tennessee, to wit:

A certain tract or parcel of land lying and being in the 17th Civil District of Lincoln County, Tennessee, bounded and described as follows:

BEGINNING at a point on the east margin of Savannah Road, 25 feet off its centerline, at the northern most corner of the property herein described and a point in the west line of the Barnett Gamble property; thence leaving the road and with Gamble's boundary line South 25 deg. 47 min. 14 sec. East 17.26 feet to a fence corner post; thence with a fence South 25 deg. 47 min. 14 sec. East 90.53 feet to a 24" Oak; thence South 21 deg. 34 min. 06 sec. East 69.18 feet to a point in the center of a creek at the eastern most corner of the property herein described; thence leaving the fence and with the center of said creek; South 56 deg. 57 min. 04 sec. West 124.54 feet to a point; thence South 44 deg. 42 min. 15 sec. West 74.11 feet to a point in the center of said creek on the north margin of Kelly's Creek Road, 25 feet from its centerline, at the southwest of the Gamble property and the southeast corner of the property herein described; thence leaving the creek and with the north margin of said road North 81 deg. 34 min. 00 sec. West 37.18 feet to a point at the intersection of the north margin of Kelly's Creek Road with the east margin of the above mentioned Savannah Road, same being the southwest corner of the property herein described, thence with the east margin of said Savannah Road North 37 deg. 36 min. 03 sec. East 81.81 feet to a point; thence North 23 deg. 43 min. 25 sec. East 73.15 feet to a point; thence North 14 deg. 35 min. 00 sec. East 91.62 feet to a point; thence North 15 deg. 58 min. 54 sec. East 43.92 feet to a point; thence North 25 deg. 02 min. 05 sec. East 15.28 feet to the point of beginning and containing 0.42 acres, more or less, per survey of Paul Braden, TRLS #1709, dated May 24, 1997.

And being the same real estate conveyed unto Curtis Michael Cothren, a single person, by deed of Michael D. Woodard and wife, Sally A. Woodard, dated September 29th, 2006 and recorded in the Register's Office of Lincoln County, Tennessee in Deed Book 213, page 355, to which deed reference is here had for particulars.

Street Address: 3 Savannah Road, Ardmore, TN 38449

Parcel Number: 121-013.00

Current Owner(s) of Property: Curtis Michael Cothren

Other Interested Parties: Curtis Michael Cothren,

The street address of the above described property is believed to be 3 Savannah Road, Ardmore, TN 38449, but such address is not a part of the legal description of the property sold herein and in the event of any discrepancy, the legal description herein shall control.

SALE IS SUBJECT TO TENANT(S) RIGHTS IN POSSESSION.

If applicable, the HB 3588 letter was mailed to the borrower(s) pursuant to Tennessee Code Annotated 35-5-117. This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: Curtis Michael Cothren,

If the United States has any lien or claimed lien on the property, notice required by 26 U.S.C. § 7425(b) to be given to the United States has been timely given. The sale of the land described above will be subject to the right of the United States to redeem the land as provided for in 26 U.S.C. § 7425(d)(1).]
If the State of Tennessee has any lien or claimed lien on the property, notice required by § 67-1-1433(b)(1) of the Tennessee Code to be given to the state of Tennessee has been timely given. The sale of the land described above will be subject to the right of the state of Tennessee to redeem the land as provided for in § 67-1-1433(c)(1) of the Tennessee Code.]

All right of equity of redemption, statutory and otherwise, and homestead are expressly waived in said Deed of Trust. The undersigned will sell and convey only as Substitute Trustee.

The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. If the highest bidder cannot pay the bid within twenty-four (24) hours of the sale, the next highest bidder, at their highest bid, will be deemed the successful bidder.

This property is being sold with the express reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded by the Substitute Trustee at any time.

THIS LAW FIRM IS ACTING AS A DEBT COLLECTOR AND IS ATTEMPTING TO COLLECT A DEBT. ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

York Trustee Services, LLC,
Substitute Trustee
200 Jefferson Avenue
Suite 1350
Memphis, TN 38103
Phone: (901) 432-0740
Fax: (404) 961-1185
File No: TN-87000108-13

Publication Dates: July 3, 2013, July 10, 2013, July 17, 2013

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms and conditions of a Deed of Trust dated August 5, 2008, executed by CONNIE M. ETHRIDGE, conveying certain real property therein described to RONALD M. HARKAVY, as Trustee, as same appears of record in the Register's Office of Lincoln County, Tennessee recorded August 6, 2008, in Deed Book TD614, Page 621-639; and WHEREAS, the beneficial interest of said Deed of Trust was last transferred and assigned to BANK OF AMERICA, N.A. who is now the owner of said debt; and WHEREAS, Notice of the Right to Foreclose, if required pursuant to T.C.A. § 35-5-117, was given in accordance with Tennessee law; and WHEREAS, the undersigned, Rubin Lublin TN, PLLC, having been appointed as Substitute Trustee by instrument to be filed for record in the Register's Office of Lincoln County, Tennessee. NOW, THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable, and that the undersigned, Rubin Lublin TN, PLLC, as Substitute Trustee or his duly ap-pointed agent, by virtue of the power, duty and authority vested and imposed upon said Substitute Trustee will, on August 8, 2013 at 02:00 PM at the Main Entrance of the Lincoln County Courthouse , located in Fayetville, Tennes-see, proceed to sell at public outcry to the highest and best bidder for cash or certified funds ONLY, the following described property situated in Lincoln County, Tennessee, to wit: A CERTAIN TRACT OR PARCEL OF LAND LOCATED IN THE 8TH CIVIL DIS-

INVITATION TO BID

The Lincoln County Finance Department is accepting sealed bids for Garbage Pick-Up at five schools for the Lincoln County School System. Bid opening 2:00 p.m., Thursday, July 25, 2013, in the Courthouse Basement Conference Room, Fayetteville, TN 37334. For information and complete specifications, contact Ricky Bryant, Lincoln County Department of Education (931)433-3565 or Cole Bradford, Lincoln County Finance Department at (931) 438-1565.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Hospice Compassus-The Highland Rim, a hospice provider owned by Community Hospices of America-Tennessee, LLC, with an ownership type of limited liability company and to be managed by itself intends to file application for a Certificate of Need to initiate hospice services in Lincoln County. Hospice Compassus is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. The cost of this project is expected to be approximately $28,000. Hospice Compassus-The Highland Rim's home office is located at 1805 N. Jackson St., Suites 5 & 6, Tullahoma, TN 37388.

The anticipated date of filing the application is: July 5, 2013
The contact person for this project is Kim Harvey Looney, Attorney, who may be reached at Waller Lansden Dortch & Davis LLP
511 Union Street, Suite 2700 Nashville TN 37219
615 / 850-8722

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1601(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Lincoln County Health System is accepting sealed bids for onsite shredding services. Sealed bids should be mailed to Lincoln Medical Center, P. O. Box 637, Fayetteville, Tennessee, 37334. Attention: "Shredding Service Bid". Bids will be opened on Tuesday July 16, 2013 at 10:00 a.m. in the Lincoln Medical Center Administrative Conference Room, 106 Medical Center Blvd., Fayetteville, TN. We do not accept electronic or faxed bids. Lincoln County Health System reserves the right to reject any or all bids. To receive the bid specifications, please contact Cindy Sanders at 931-438-7369.

PUBLIC NOTICE OF REGULAR SESSION OF THE COUNTY LEGISLATIVE BODY OF LINCOLN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN to all residents of Lincoln County, Tennessee and to all persons interested that an open, public, regular session of the County Legislative Body of Lincoln County will be held on Tuesday, July 16, 2013, commencing at the hour of 7:00p.m. at the regular meeting place of the County Legislative Body at the County Courthouse in Fayetteville, Tennessee. There will be considered at such meeting all matters that may properly be considered by the County Legislative Body.

This notice is given pursuant to the provisions of Sections 8-44-101 to 8-44-106, inclusive, Tennessee Code Annotated.

S/Peggy G. Bevels
County Mayor

S/Phyllis E. Counts
County Clerk

2013 JUL 5 PM 3 57

Copy

Supplemental #1

Hospice Compassus – The Highland Rim

CN1307-023

waller

109

511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

2013 JUL 25 PM 1:50

Kim Harvey Looney
Waller Lansden Dortch & Davis, LLP
615.850.8722 direct
kim.looney@wallerlaw.com

2013 JUL 24 PM 1 48

July 24, 2013

VIA HAND DELIVERY

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243

RE: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

Dear Mark:

This letter is submitted as the supplemental response to your letter dated July 18, 2013 wherein additional information or clarification was requested regarding the above-referenced CON application.

---

1. **Section B, Project Description, Item I**

The applicant has stated that it offers perinatal and pediatric hospice services. Please provide the applicant's historical pediatric utilization by existing service area county by completing the following table:

Response: The applicant has treated the number of pediatric patients shown on the table below over the past 3 years, as reported on its Joint Annual Reports, and has included data for the most recent year. The number of pediatric patients has varied from 3 to 9 patients during these time periods. Hospice Compassus has invested the time and money necessary to ensure it has appropriately trained personnel to treat pediatric patients in need of hospice care. While the numbers of such patients cannot be predicted, and are not necessarily large, such care provides a significant benefit to this fragile patient population. The treatment of pediatric patients distinguishes it from other providers in the area. This, coupled with the need for an additional hospice provider in Lincoln County, makes Hospice Compassus an excellent choice to fill that need.

Hospice Compassus Historical Pediatric Patients by County

County	2010 Age 0-17 Patients	2011 Age 0-17 Patients	2012 Age 0-17 Patients	2013 Age 0-17 Patients
Bedford		1		
Cannon				
Coffee			1	
Franklin	3			
Giles	1			1
Grundy				
Hickman	1	1		
Lawrence		4	1	2
Lewis	1			
Marshall		1		1
Maury		2	1	2
Moore				
TOTAL	6	9	3	6

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports 2012

How did the applicant determine that no other hospice provider in the service area provides palliative care services and perinatal/pediatric hospice services?

Response: Hospice Compassus is the only provider in the service area that has a palliative certified physician, which is necessary in order to operate a viable palliative care program. Based on information it has gathered from talking with referral sources in its service area, as well as data reported on the JAR for other hospices operating in its service area, Hospice Compassus believes it is the only hospice in its service area offering perinatal/pediatric hospice services as well as palliative care services.

2. **Section B. Project Description, Item V.4.**

What is the average driving time from Columbia to Fayetteville and Lawrenceburg to Fayetteville?

Response: According to Google maps, the average driving time from Columbia to Fayetteville is approximately one hour (46.8 miles) and the average driving time from Lawrenceburg to Fayetteville is approximately one hour (47.4 miles). The applicant expects Lincoln County to be serviced primarily from its office in Tullahoma, which is an average driving time of approximately 37 minutes (28 miles).

Because these are hospice services, the provider goes to the patient rather than the patient going to the provider. Therefore, any drive time is on the provider rather than the patient. As stated in the application, Hospice Compassus currently has employees who reside in Lincoln County, and anticipates that these health care personnel would be used to provide services to patients in Lincoln County, whenever possible.

3. **Section C, Need, Item 4.**

It appears that the Age 65+ population in Lincoln County is projected to decline 6.1% between 2013 and 2017 while the State of Tennessee overall is expected to increase 12.8% during the same timeframe. How does declining Age 65+ population in Lincoln County affect the viability of the proposed project?

Response: The declining population should not affect the viability of the proposed project. Such population numbers have presumably already been taken into consideration with the calculation of need from the Tennessee Department of Health, which shows a need for 16 additional hospice service recipients in Lincoln County.

4. **Section C., Economic Feasibility, Item 4 (Historical and Projected Data Charts)**

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised Historical and Projected Data Charts provided as an attachment. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

Response: There are no management fees to be reported. Please see chart below for break-down of other expenses. Included is information for both the Projected Data Chart for the addition of Lincoln County only, along with the Historical Data Chart, which shows information for the existing hospice.

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January

2013 JUL 24 PM 1 51

		Year 2012	Year 2011	*Year 2010*
A.	Utilization Data (Patient Days)	51, 901	44,984	*32,512*
B.	Revenue from Services to Patients			
1.	Inpatient Services	$344,486	$327,956	*$212,918*
2.	Outpatient Services	$6,816,227	$5,714,597	*$4,026,280*
3.	Emergency Services	0	0	*0*
4.	Other Operating Revenue (Specify)_____	0	0	*0*
	Gross Operating Revenue	**$7,160,713**	**$6,042,553**	***$4,239,198***
C.	Deductions from Gross Operating Revenue			
1.	Contractual Adjustments	$21,154	$12,251	*$16,215*
2.	Provision for Charity Care	$155,760	$113,540	*N/A*[4]
3.	Provisions for Bad Debt	$20,220	$46,685	*$47,049*
	Total Deductions	**$197,134**	**$172,476**	**$63,264**
NET OPERATING REVENUE		**$6,963,579**	**$5,870,077**	***$4,175,934***
D.	Operating Expenses			
1.	Salaries and Wages	$3,125,742	$2,699,875	*$2,166,611*
2.	Physician's Salaries and Wages	$123,515	$114,464	*$110,444*
3.	Supplies	$910,728	$853,080	*$535,708*
4.	Taxes	0	0	*0*
5.	Depreciation	$27,920	$23,815	*$20,789*
6.	Rent	$120,572	$113,122	*$112,056*
7.	Interest, other than Capital	$90	($7.00)	$1,943
8.	Management Fees:			
a.	Fees to Affiliates	_____	_____	_____
b.	Fees to Non-Affiliates	_____	_____	_____
9.	Other Expenses – (Equipment lease & maintenance, communications, travel/training, advertising, mileage, misc.) Specify on separate page 12	$1,053,837	$897,650	*$689,639*
	Total Operating Expenses	**$5,362,404**	**$4,701,999**	***$3,637,190***
E.	Other Revenue (Expenses) – Net (Specify)_____	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)		$_____	$_____	$_____
F.	Capital Expenditures			
1.	Retirement of Principal	$_____	$_____	$_____
2.	Interest	_____	_____	_____
	Total Capital Expenditures	$_____	$_____	$_____
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$1,566,847	$1,140,329	$522,246

[4]**Data not broken out separately at this time.**

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

waller

2013 JUL 24 PM 1 50

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		2010	2011	2012
1.	Mileage/Travel/Meals	$223,269	$293,344	$292,544
2.	Advertising/Marketing/Subscriptions/Colleague Expenses	$101,098	$89,907	$129,280
3.	IT/Communication/Office Supplies/etc.	$202,474	$251,425	$295,498
4.	Nursing Home Room and Board/Inpatient Facility Cost/Lab/Diagnostic/Ambulance, etc.	$213,096	$316,736	$398,076
	Total Other Expenses	$739,937	$951,412	$1,115,398

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		Year One	Year Two
1.	Mileage/Travel/Meals	$5,180	$17,640
2.	Advertising/Marketing/Subscriptions/Colleague Expenses	$4,400	$5,155
3.	IT/Communication/Office Supplies/etc.	$400	$6,150
4.	Nursing Home Room and Board/Inpatient Facility Cost/Lab/Diagnostic/Ambulance, etc.	$3,783	$5,051
	Total Other Expenses	$12,951	$15,541

Will any of the lease costs for the parent or branch offices or other overhead costs be allocated to the proposed project?

Response: The applicant does not anticipate that any lease costs for either the parent or branch offices or other overhead costs will be allocated to this proposed project. The infrastructure to provide hospice services is already in place and there are no incremental costs incurred as a result of the addition of Lincoln County to the existing service area for Hospice Compassus.

5. **Section C., Orderly Development, Item 1**

The applicant has provided letters of support from representatives of Vanderbilt Medical Center in Nashville. Please provide documentation that physicians in Lincoln County and the surrounding area support the project and can detail specific instances of unmet need for hospice services.

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

waller

2013 JUL 24 PM 1 50

Response: Hospice Compassus has included additional letters of support from Dr. Stephen Bills and Alice Keithley Pack, LAPSW, Harton Regional Medical Center. Dr. Bills is an internal medicine physician with offices in the neighboring county of Coffee, who treats patients in his practice from Lincoln County. Ms. Pack is a masters level social worker at Harton Regional Medical Center. In 2012, Harton Regional Medical Center had 167 patients from Lincoln County, according to its Joint Annual Report. Therefore, it would be reasonable to expect that Harton Regional Medical Center also has patients in Lincoln County in need of hospice services after discharge, although that data is not publicly available.

6. **Section C., Orderly Development, Item 2**

Your response to this item is noted. Please also provide a similar chart utilizing 2012 data.

Response: The following chart reflects the current market share and patient origin for existing providers in Lincoln County. The information shown does not identify any significant change from the chart with 2011 data. The biggest change is in the data for Avalon Hospice. Because Avalon treated fewer patients in 2012 (only about 60% of the number of patients it treated from Lincoln County in 2011), its market share declined significantly. As expected of a provider which does not treat patients from any county other than Lincoln, all of the business of Lincoln Medical Home Health and Hospice is from Lincoln County so that it has over half of the market in Lincoln County.

Agency	2012 Service Area Total	Grand Total	Service Area Total as % of Total Service Area Patients (Market Share)	Service Area Total as % of Grand Total (Patient Origin)
Avalon Hospice	25	1,001	23.36%	2.50%
Caris Healthcare, LP-Davidson	12	830	11.21%	1.45%
Lincoln Medical Home Health and Hospice	70	70	65.42%	100%

Source: Tennessee Department of Health, Health Statistics, Joint Annual Reports 2012

7. **Section C., Orderly Development, Item 7.(b)**

The applicant responded "Not Applicable" to Accreditation but in response to hospice criteria and standards indicated that Joint Commission accreditation would be sought. Please explain.

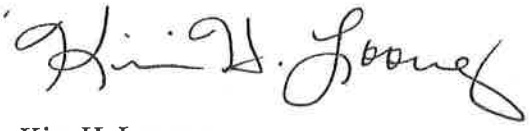
SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

waller

Response: The applicant is not currently accredited by the Joint Commission. Therefore the appropriate response is Not Applicable until such time as the applicant would become so accredited.

Should you have any questions or require additional information, please call me at (615) 850-8722.

Sincerely,



Kim H. Looney
Waller Lansden Dortch & Davis, LLP

KHL:lg
Enclosures

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

2013 JUL 24 PM 1 51

		Year One	Year Two
A.	Utilization Data (Number of Patients)	25	30
B.	Revenue from Services to Patients		
1.	Inpatient Services	$2,483	$2,980
2.	Outpatient Services	$121,690	$146,027
3.	Emergency Services	0	0
4.	Other Operating Revenue (Specify)_____	0	0
	Gross Operating Revenue	**$124,173**	**$149,007**
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$360	$432
2.	Provision for Charity Care	$2,732	$3,278
3.	Provisions for Bad Debt	$37	$45
	Total Deductions	**$3,129**	**$3,755**
NET OPERATING REVENUE		**$121,044**	**$145,252**
D.	Operating Expenses		
1.	Salaries and Wages	$76,932	$78,470
2.	Physician's Salaries and Wages	$6,000	$6,000
3.	Supplies	$14,814	$17,777
4.	Taxes	0	0
5.	Depreciation	0	0
6.	Rent	0	0
7.	Interest, other than Capital	0	0
8.	Management Fees:		
	a. Fees to Affiliates	_____	_____
	b. Fees to Non-Affiliates	_____	_____
9.	Other Expenses – (Mileage, advertising, travel, training) Specify on separate page 12	$12,951	$15,541
	Total Operating Expenses	**$110,697**	**$117,788**
E.	Other Revenue (Expenses) -- Net (Specify)_____	$0	– $0
NET OPERATING INCOME (LOSS)		**$10,347**	**$27,464**
F.	Capital Expenditures		
1.	Retirement of Principal	0	0
2.	Interest	0	0
	Total Capital Expenditures	**$0**	**$0**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		$10,347	$27,464

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

July 2013

To Whom It May Concern:

I have worked for the past 5 years with the staff at Hospice Compassus. This group does an excellent job caring for the patients and their families. They deal very comfortably with the end of life issues which face us all at one time or another.

This field is not an 8-5, Monday-Friday schedule. It is a 24/7 non-stop giving process. Hospice Compassus recognizes this fact and easily meets families and patients on there schedule and not the world's schedule. It goes without saying this is a difficult time in life for individuals and their families. The personnel in this company help their families and patients make the end of life transition easier. To understand a family and the patient one must begin where they are in their grief journey. Hospice Compassus does this easily, it is noted this is often a difficult clinical task. The education and the comfort they provide are not only thoughtful but so very important to everyone.

I am a masters level social worker and work in an acute care setting. Part of my job are referrals to hospice companies. Until I accepted this job I mistakenly thought all hospice companies were the same. I have seen and worked with the best of the best from Hospice Compassus. To this group the bottom line is patient/family comfort, care and understanding. Hospice Compassus does not admit and treat only the identified patient. They treat the entire family. This company does this with high praises. We are very fortunate to have this level of care in our community. How nice it would be to have this company branch into other counties they presently do not serve.

Sincerely

Alice Keathley Pack, LAPSW

Alice Keathley Pack, LAPSW

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

INTERNAL MEDICINE ASSOCIATES

of Tullahoma, P.C.

Stephen H. Bills, MD	William J. Sanders, IV, MD	Robert H. Nichols, MD
Katherine M. Horrocks, CRNP	Deborah R. Sanders, CRNP	Kathryn E. Waller, CRNP

1805 North Jackson Street . Tullahoma, TN 37388 . (931) 455-7767
FAX (931) 455-8636

Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd
Nashville, TN 37243
Melanie Hill, Executive Director

Re: CN1307-023
Community Hospices of America- Tennessee, LLC d/b/a Hospice Compassus- The Highland Rim

This is a letter of support for Hospice Compassus to expand services to Lincoln County. I have referred several of my patients to Hospice Compassus during the last year. The care the patients and families have received has been excellent. They have a strong focus on quality of care, and their Medical Director, Rob Nichols, MD, is the only Hospice and Palliative Medicine Certified physician in the surrounding area.

I have used Hospice Compassus to provide General Inpatient Care to my patients at Harton Hospital that were experiencing acute symptom management needs. Dr. Nichols and the Hospice Compassus' team have improved their quality of care during this difficult phase of their illness. The hospice also provides bereavement support to the families for 13 months following the patient's death.

Dr. Nichols and the Hospice Compassus staff are caring for Pediatric patients in the surrounding counties. Their nurses are receiving specialized end of life training for pediatric patients, based on the National Hospice and Palliative Care guidelines. This will enhance the quality of care these children will receive. This is currently not offered in Lincoln County.

As an Internal Medicine physician, who has been in the Tullahoma community for many years, I would appreciate having Hospice Compassus as a provider for my patients that live in Lincoln County. I think it will expand their access to quality care.

Respectfully submitted,

Stephen H. Bills, MD

SUPPLEMENTAL- # 1
July 25, 2013
1:49 pm

AFFIDAVIT

2013 JUL 24 PM 1 51

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Community Hospices of America--Tennessee, LLC d/b/a Hospice Compassus - The Highland Rim CN1307-023

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24th day of July, 2013, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires January 6, 2015.

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires JAN. 6, 2015

HF-0043

Revised 7/02

Copy
Supplemental #2

Hospice Compassus – The Highland Rim

CN1307-023

SUPPLEMENTAL- #3
July 26, 2013
1:59 pm

waller

511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804
wallerlaw.com

Kim Harvey Looney
Waller Lansden Dortch & Davis, LLP
615.850.8722 direct
kim.looney@wallerlaw.com

2013 JUL 26 PM 2:00

July 26, 2013

VIA HAND DELIVERY

Mark Farber
Deputy Director
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243

RE: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

Dear Mark:

This letter is submitted as the supplemental response to your letter dated July 25, 2013 wherein additional information or clarification was requested regarding the above-referenced CON application.

---

1. **Section C., Economic Feasibility, Item 4 (Historical and Projected Data Charts)**

The total "Other Expenses" for the Historical Data Chart presented in the supplemental response do not match the "Total Other Expenses" presented in the Historical Data Chart.

The individual "Other Expenses" for the Projected Data Chart are not adding up to the totals.

Please address these discrepancies.

Response: See revised chart.

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		2010	2011	2012
1.	Mileage/Travel/Meals	$223,269	$293,344	$292,544
2.	Advertising/Marketing/Subscriptions/Colleague Expenses	$96,163	$94,060	$127,606
3.	IT/Communication/Office Supplies/etc.	$189,957	$252,472	$323,099
4.	Nursing Home Room and Board/Inpatient Facility Cost/Lab/Diagnostic/Ambulance, etc.	$180,250	$257,774	$310,588
	Total Other Expenses	$689,639	$897,650	$1,053,837

SUPPLEMENTAL- #3
July 26, 2013
1:59 pm

waller

2013 JUL 26 PM 2 00

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		Year One	Year Two
1.	Mileage/Travel/Meals	$4,368	$4,805
2.	Advertising/Marketing/Subscriptions/Colleague Expenses	$4,400	$5,155
3.	IT/Communication/Office Supplies/etc.	$400	$550
4.	Nursing Home Room and Board/Inpatient Facility Cost/Lab/Diagnostic/Ambulance, etc.	$3,783	$5,031
	Total Other Expenses	**$12,951**	**$15,541**

Should you have any questions or require additional information, please call me at (615) 850-8722.

Sincerely,

Kim H. Looney
Waller Lansden Dortch & Davis, LLP

KHL:lg

SUPPLEMENTAL- #2
July 26, 2013
1:59 pm

AFFIDAVIT
2013 JUL 26 PM 2 00

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Community Hospices of America--Tennessee, LLC d/b/a Hospice Compassus - The Highland Rim CN1307-023

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26th day of July, 2013, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires January 6, 2015.

LAURIE A. GLASS
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires JAN. 6, 2015

HF-0043

Revised 7/02

CARIS healthcare

Hospice: Your Life, Our Mission®

OCT 8 '13 AM10:38

October 4, 2013

Ms. Melanie Hill, Executive Director
Health Services & Development Agency
161 Rosa L Parks Blvd., 3rd Floor
Nashville, TN 37243

RE: Community Hospices of America – Tennessee, LLC, d/b/a Hospice Compassus – Highland Rim, CN1307-023
OPPOSITION LETTER

Dear Ms. Hill:

We have recently learned of the above mentioned certificate of need project set to appear before the Health Service and Development Agency on October 23, 2013. Please be advised that we are opposed to CN1307-023, and would ask that the Agency deny the Compassus request to add Lincoln County to its existing license, based primarily on the fact that the proposed service area is already adequately served. **Because the aforementioned application will duplicate existing services and adversely impact the existing hospice care delivery system, I am writing this letter in opposition to the project pursuant to T.C.A., Section 68-11-1609(g)(1).**

Ms. Hill, as an existing provider in the target market, I have firsthand knowledge of the local needs being met by our agency and other licensed agencies. Consequently, the addition of another agency will not only duplicate and drive up the cost for services already provided, but it will also adversely deplete the existing nursing pool of trained nursing professionals. Consequently, the approval of the Compassus CON would negatively impact existing providers and ultimately the patients using and paying for the services by not contributing to the orderly development of health care. Our agency currently serves patients throughout the proposed service area and is quite capable and willing to admit additional patients of all ages in need of hospice care. Please note that the new Guidelines for Growth formula and projected need (surplus) for the applicant's proposed service area, as calculated by the Department of Health, Division of Health Statistics, reflects that the applicant does not meet the need criteria in that need must be shown for at least 120 additional hospice service recipients in the proposed Service Area. The projection shown in the Department of Health's report for this project show a projected need of 21 patients, or only 17.5 percent of the need threshold. These 21 patients can be easily served by the existing providers, who can increase utilization to accommodate growth in patient volume.

In summary, we are opposed to this CON and ask that it not be approved. There are already more than adequate existing providers delivering high quality hospice services. If you need any additional information please do not hesitate to call me.

Sincerely,

Caris Healthcare L.P. d/b/a Caris Healthcare, Nashville

Norman McRae

Norman McRae
President/CEO

Cc: Ms. Kim H. Looney, Attorney
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

Via: Regular Mail

Lincoln Medical Home Health & Hospice
1797 Wilson Pkwy.
Fayetteville, TN 37334
Phone: (931) 433-8088
Fax: (931) 433-8086

LINCOLN MEDICAL HOME HEALTH & HOSPICE

October 7, 2013

VIA: Overnight Mail

OCT 8 '13 AM9:12

Ms. Melanie Hill, Executive Director
Health Services & Development Agency
161 Rosa L Parks Blvd., 3rd Floor
Nashville, TN 37243

RE: Community Hospices of America – Tennessee, LLC, d/b/a Hospice Compassus – Highland Rim, CN1306-020 - **OPPOSITION LETTER**

Dear Ms. Hill:

Our agency, Lincoln Medical Home Health and Hospice, recently learned of the above mentioned certificate of need project set to appear before the Health Service and Development Agency on October 23, 2013. Please be advised that we are opposed to CN1307-023, and would ask that the Agency deny the Compassus request to add Lincoln County to its existing license, based primarily on the fact that the proposed service area is already adequately served. **Because the aforementioned application will duplicate existing services and adversely impact the existing hospice care delivery system, I am writing this letter in opposition to the project pursuant to T.C.A., Section 68-11-1609(g)(1).**

The approval of the Compassus CON does not contribute to the orderly development of health care in Lincoln County, and would negatively impact existing providers and ultimately the patients using and paying for the services. As an existing provider in the target market, and as the local hospice based in the Lincoln County Health System, I have firsthand knowledge of the end of life care and hospice needs being met by the current hospice providers for Lincoln County. Our agency regularly provides education and consultation to patients, families, referral sources, and providers about the appropriate use of and benefits of hospice care for the terminally ill. We are recognized and trusted as a provider of high quality, compassionate hospice care, and are staffed with local health care professionals who are easily accessible to our patients. We have a thriving volunteer and bereavement program with well trained individuals available to meet our hospice patient and family needs. The addition of another agency will not only duplicate and drive up the cost for nursing and other professional services already provided, but will also adversely deplete the existing pool of trained professionals who are available to provide this care.

Our agency currently serves patients throughout the proposed service area and is quite capable and willing to admit additional patients of all ages in need of hospice care. We have not had to turn any patient away, regardless of age or diagnosis, and regularly provide care to those patients in our county with no means to pay for hospice care. Please note that the new Guidelines for Growth formula and the projected need (surplus) for the applicant's proposed service area, as calculated by the Department of Health, Division of Health Statistics, reflects that the applicant does not meet the need criteria. Need must be shown for at least 120 additional hospice service recipients in the proposed Service Area. The projection shown in the Department of Health's report for this project show a projected need of 21 patients, or only 17.5 percent of the need threshold. These 21 patients can be easily served by the existing providers, who can increase utilization to accommodate growth in patient volume.

In summary, we are opposed to this CON and ask that it not be approved. There are already more than adequate existing providers delivering high quality hospice services. If you need any additional information please do not hesitate to call me.

Sincerely,

Lincoln Medical Home Health and Hospice, Lincoln County Health System, Fayetteville

Susie Compton RN, MSN

Susie Compton, RN, MSN
Administrator, Lincoln Medical Home Health and Hospice

An affiliate of the Lincoln County Health System

Lincoln Medical Center
106 Medical Center Blvd.
P.O. Box 637
Fayetteville, TN 37334
Phone: (931) 438-1100
Fax: (931) 438-7456

Lincoln Medical Center EMS
106 Medical Center Blvd.
P.O. Box 637
Fayetteville, TN 37334
Phone: (931) 438-7408
Fax: (931) 438-7409

Patrick Rehab-Wellness Center
1001 Huntsville Hwy.
Fayetteville, TN 37334
Phone: (931) 433-0273
Fax: (931) 433-0378

SEP 4 13 PM 2:50

MICHAEL TEPEDINO, M.D., F.A.C.S.
UROLOGY

Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd,
Nashville, TN 37243
Melanie Hill, Executive Director

Re: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

This is a letter of support for Hospice Compassus to expand services to Lincoln County. I am a Board Certified Urologist, based in Tullahoma, TN with a satellite office in Lincoln County. I currently refer to Hospice Compassus for any patients needing hospice care in Coffee and the surrounding counties. Patients and families have reported excellent car from the hospice team and I would appreciate having this hospice available for my patients in Lincoln County. Currently I am limited on the choice of hospice providers in the Lincoln County area. Hospice Compassus has a strong focus on quality of care, and their Medical Director, Rob Nichols, MD, is the only Hospice And Palliative Medicine Certified physician, in the surrounding counties.

Respectfully submitted,

Dr. Michael Tepedino MD
1801 North Washington St. Ste 400
Tullahoma, TN 37388

1801 N WASHINGTON ST., SUITE 400 TULLAHOMA, TENNESSEE 37388
Telephone (931) 455-2201

FHG WAYNESBORO

FHGMedical.com

101 J.V. Mangubat Drive, Suite B
Waynesboro, Tennessee 38485
O 931.722.9999 F 931.722.2049

SEP 11 '13 AM11:17

Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd,
Nashville, TN 37243
Melanie Hill, Executive Director

Re: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

I am writing this letter to show my support for Hospice Compassus to provide hospice services in Wayne County. As a board certified geriatric physician, I can speak to the need for an additional hospice provider in our community to raise both the awareness of the service and the quality of the care provided. Hospice Compassus would further increase the quality of service in Waynesboro with their board certified Hospice and Palliative Care physicians.

I support Hospice Compassus and their pursuit to service Wayne County. Please consider their application and the needs of our county.

Respectfully,

Harish Veeramachaneni, MD
107 Jv Mangubat Dr.
Waynesboro, TN 38485

Savannah Medical Center, P.C.
MICHAEL SMITH, M.D.

255 B WAYNE ROAD
SAVANNAH, TN 38372
731-925-8016

Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd,
Nashville, TN 37243
Melanie Hill, Executive Director

Re: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

This letter is to support Hospice Compassus to provide hospice services in Hardin County. As a local physician in Savannah, I know the quality of service and the types of services are limited due to the lack of providers in the area. I strongly believe Hospice Compassus's service will increase the quality and availability of care to the community. Additionally, my office Savannah Medical Center, PC and the area would greatly benefit from their full Pediatric Program.

I support and request that Hospice Compassus be granted the privilege to provide hospice services in Hardin County.

Thank you,

Michael L. Smith, MD
255B Wayne Rd.
Savannah, TN 38372

WAYNE
MEDICAL CENTER

Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd,
Nashville, TN 37243
Melanie Hill, Executive Director

Re: CN1307-023
Community Hospices of America – Tennessee, LLC d/b/a Hospice Compassus – The Highland Rim

This is a letter of support for Hospice Compassus to expand services to Wayne County. I am the Chief Nursing Officer at Wayne Medical Center in Waynesboro, TN. I have previous experience in Oncology nursing and have worked with hospice patients during my tenor at Maury Regional Medical Center. I would appreciate having a hospice provider that could partner with Wayne Medical Center to provide General Inpatient level of care, as well as home based hospice care. I also understand Hospice Compassus provides services to pediatric patients, and their staff has received specialized training in the area. This is an area of need in our community.

Hospice Compassus has a strong focus on quality of care and their staff has received specialized training based on the NHPCO hospice and palliative medicine guidelines. I have also worked with their Medical Director, Ben Gardner, MD who is certified in Hospice and Palliative Medicine. I support Hospice Compassus in there CON request to expand services in Wayne County. .

Respectfully submitted,

Diane Perry - Craig, CNO

Diane Perry-Craig, BSN, RN
Chief Nursing Officer
Wayne Medical Center
Waynesboro, TN 38485

waller

511 Union Street, Suite 2700
P.O. Box 198966
Nashville, TN 37219-8966

615.244.6380 main
615.244.6804 fax
wallerlaw.com

Kim Harvey Looney
615.850.8722 direct
kim.looney@wallerlaw.com

SEP 11 '13 AM 11:17

September 11, 2013

VIA HAND DELIVERY

Melanie Hill
Executive Director
Health Services and Development Agency
Frost Building, Third Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243

Re: Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-The Highland Rim CN1307-023

Dear Melanie:

Enclosed please find three letters of support for the above-referenced CON project. Please call me if you have any questions.

Sincerely,

Kim H. Looney /lg

Kim Harvey Looney

KHL:lag
Enclosure

LETTER OF INTENT 2013 JUL 2 PM 3 49
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Elk Valley Times (Name of Newspaper) which is a newspaper of general circulation in Lincoln (County), Tennessee, on or before July 5 (Month / day), 2013 (Year), for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Hospice Compassus-The Highland Rim (Name of Applicant), a hospice provider (Facility Type-Existing)

owned by: Community Hospices of America-Tennessee, LLC with an ownership type of limited liability company

and to be managed by: itself intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: to initiate hospice services in Lincoln County. Hospice Compassus is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. The home office is located at 1805 N. Jackson St., Suites 5&6, Tullahoma, TN 3788. The cost of this project is expected to be approximately $28,000.

The anticipated date of filing the application is: July 5, 2013

The contact person for this project is Kim H. Looney (Contact Name), Attorney (Title)

who may be reached at: Waller Lansden Dortch & Davis LLP (Company Name), 511 Union Street, Suite 2700 (Address)

Nashville (City)	TN (State)	37219 (Zip Code)	615-850-8722 (Area Code / Phone Number)
Kim H. Looney / kg (with permission) (Signature)	July 2, 2013, 2013 (Date)	kim.looney@wallerlaw.com (E-mail Address)	

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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HF0051 (Revised 05/03/04 – all forms prior to this date are obsolete)

to three years. Ms. Jordan and Mr. Doolittle agreed to the amendment of the motion. The motion CARRIED [7-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Doolittle, Hodge, Gaither, Johnson
NAY: None

Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus-The Highland Rim - (Tullahoma, Coffee County) - Project No. CN1307-023

The addition of Lincoln County to the service area of Hospice Compassus which is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. The estimated project cost is $28,000.

DEFERRED TO THE DECEMBER MEETING

Shannondale Rehabilitation Center - (Knoxville, Knox County) - Project No. CN1307-024

The establishment of a new thirty (30)* bed Medicare skilled nursing home to be known as Shannondale Rehabilitation Center. The facility will be located on the campus of Shannondale Continuing Care Retirement Community at 7510 and 7522 Middlebrook Pike, Knoxville (Knox County), TN. The estimated project cost is $6,609,488. * These beds are subject to the 2013-2014 Nursing Home Bed Pool.

Douglas J. Overbey, Esq., addressed the Agency on behalf of the applicant. Speaking in support were: William R. Thomas, Jr., President/CEO; and Todd Taylor, Vice President/Administrator. Present in support were: Clay Fiegle, Rehab Director, Shannondale Rehabilitation Center; and Randy Cooper, Architect, Byrd & Cooper Architect.

Mr. Overbey waived summation.

Mr. Doolittle moved for approval of the project for the establishment of a new 30-bed Medicare only skilled nursing facility with an emphasis on rehab, and the corresponding delicensing of 24 semi-private nursing beds based on: 1) Need – The Shannondale organization with their existing occupancy has shown need. They have indicated the extent to which orthopedic rehab is going to grow and figures have been even higher than the applicant's figures, as far as the growth in hips and knees, and the joint replacement will be even higher; 2) Economic Feasibility – The financial viability is covered by the profitability of the facility itself as anticipated, and the parent organization's financial resources; and 3) The project does contribute to the orderly development of adequate and effective health care as Shannondale is going where the demand is going to be, and this will be a positive addition to the Shannondale complex and to the Knoxville area. Mr. Wright seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jordan, Mills, Flora, Doolittle, Wright, Burns, Hodge, Gaither, Johnson
NAY: None

NHC/Maury Regional Transitional Care Center - (Columbia, Maury County) - Project No. CN1307-025

The establishment of a 112-bed* Medicare skilled nursing home to be known as NHC/Maury Regional Transitional Care Center pursuant to T.C.A. § 68-11-1627 which permits the replacement of one or more currently licensed nursing homes with one single nursing home. The new facility will be created by relocating and replacing the 92-bed NHC Healthcare, Hillview and the 20-bed Maury Regional Hospital Skilled Nursing Unit to an 11 acre site at 5004 Trotwood Avenue, Columbia (Maury County), TN. The estimated project cost is $18,161,672. * These beds are not subject to the 2013-2014 Nursing Home Bed Pool.

Dan H. Elrod, Esq., addressed the Agency on behalf of the applicant. Previously not speaking but responding to Agency member questions in support was Bruce K. Duncan, Assistant Vice President, NHC.

Mr. Elrod waived summation.

Mr. Wright moved for approval of the application based on: 1) Need – Need is met by the current occupancy criteria of need as set by the state. No new beds are being added to the service area. This is basically creating a new building where there are two (2) existing older and outmoded facilities in place; 2)

CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
OFFICE OF HEALTH STATISTICS
615-741-1954

DATE: August 1, 2013

APPLICANT: Community Hospices of America-Tennessee, LLC
d/b/a Hospice Compassus
105 North Jackson Street, Suites 5 & 6
Tullahoma, Tennessee

CON #: CN1307-023

CONTACT PERSON: Kim H. Looney, Attorney
Waller Lansden Dortch & Davis, LLP
Suite 2700, 511 Union Street
Nashville, Tennessee 37219

COST: $28,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan* and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:
The applicant, Community Hospices of America-Tennessee, LLC d/b/a Hospice Compassus seeks Certificate of Need (CON) approval to initiate hospice services in Lincoln County. Hospice Compassus is currently licensed in Bedford, Cannon, Coffee, Franklin, Giles, Grundy, Hickman, Lawrence, Lewis, Marshall, Maury, and Moore counties. The home office is located at 1805 North Jackson Street, Suites 5 and 6, in Tullahoma (Coffee County), Tennessee.

In addition to regular hospice services, Hospice Compassus provides perinatal and pediatric hospice services, and offers a palliative care program. The applicant contends that no other hospice service agencies provide similar services.

The applicant proposes to provide hospice services to patients in their homes. Hospice Compassus currently has employees who reside in Lincoln County who would provide service to Lincoln County residents.

Hospice Compassus is owned by Community Hospice of America-Tennessee, LLC.

The total estimated project cost is $28,000 and will be funded by cash reserves as documented in a letter from the Chief Financial Officer in Attachment C, Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in *Tennessee's State Health Plan.*

NEED:
The applicant's projected service area is Lincoln County. The 2013 population in Lincoln County is 33,979, increasing to 35,340 in 2017, an increase of 4.0%. The population data was verified by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health

Hospices 2012 (Final) serving 12 counties during this reporting period. These counties are consistent with those listed in the Letter of Intent to the Health Services and Development Agency. The data submitted and verified by the Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics confirms the applicant provided perinatal and pediatric services to three (3) patients aged 0-17 years out of a total of 775 patients served during the reporting period. This represents approximately 0.39% of its patients. The patient population 18-75+ represents 99.61% of the patients served in the 2012 reporting period.

The applicant projects 25 patients in year one and 30 patients in year two of the project. The applicant did not indicate what the caseload age mix would be in years one and two of the project.

TENNCARE/MEDICARE ACCESS:
The applicant is both a Medicare and a TennCare provider and participates in TRICARE/CHAMPUS. The applicant anticipates first year revenue from TennCare of approximately $17,384, $373 from TRICARE/CHAMPUS, $97,972 from Medicare, $63 from private pay and $8,444 from other sources.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
The Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or in the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 22 of the application. The projects total estimated project cost is $28,000.

Historical Data Chart: The applicant provides a Historical Data Chart on page 24 of the application. The applicant reports a net operating income of $522,246, $1,140,329 and $1,566,847 in 2010, 2011, and 2012.

Projected Data Chart: The Projected Data Chart is located on page 25 of the application. The applicant projects 25 patients in year one and 30 patients in year two with a net operating income of $10,347 and $27,464 each year, respectively.

The applicant reported the following Joint Annual Report, 2012 Medicare per diem rates of $132 for routine hospice care, $768 for continuous hospice care, $593 for general inpatient and $141 for respite inpatient care.

The Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics determined the following hospice agencies served the residents of Lincoln County and these hospice agencies reported in the *Joint Annual Report of Hospices 2012 (Final)*.

Lincoln Medical reported the following Joint Annual Report, 2012 Medicare per diem rates of $132 for routine hospice care, $770 for continuous hospice care, $592 for general inpatient care and $140 for respite inpatient care.

Caris Healthcare reported the following Joint Annual Report, 2012 Medicare per diem rates of $149 for routine hospice care, $836 for continuous hospice care, $639 for general inpatient care and $150 for respite inpatient care.

Avalon Hospice reported the following Joint Annual Report, 2012 Medicare per diem rates of $149 for routine hospice care, $869 for continuous hospice care, $663 for general inpatient care and $154 for respite inpatient care.

The applicant stated there were no less costly, more effective, and/or more efficient alternative methods of providing benefits to the residents of Lincoln County, especially for the specialized perinatal and pediatric hospice services and palliative care services.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
The applicant has, or plans to have, contractual and/or working relationships with St. Jude Children's research Hospital, Vanderbilt University Medical Center, Vanderbilt Children's Hospital, Baptist Medical Center, Centennial Medical Center, Maury Regional Hospital, Saint Thomas Hospital, Willowbrook Hospice, Hillside Hospital, Crockett Hospital, Hickman Community Hospital, Lincoln Medical Center, Lincoln Medical Center Home Health, Elk Valley Home Health, Lincoln Donelson Care Center, Fayetteville Care and Rehabilitation Center, United Healthcare, Amerigroup, BlueCross BlueShield, United Healthcare, Aetna, Cigna, HealthSpring, and Huntsville Hospital.

The applicant believes approval of this project will result in a significant positive effect on the health care system with no negative effects on current providers. There will be no duplication of services because no other providers offer perinatal and pediatric hospice services or palliative services that Hospice Compassus does.

The applicant's current staffing model calls for 14 patients per 1.0 FTE registered nurse. The first and second years of operation, the applicant anticipates utilizing its existing staff which includes: 0.50 FTE registered nurse, 0.10 FTE social worker, and 0.25 FTE home health aides. The applicant will add additional staff as required.

Hospice Compassus participates in the nurse training program operated by Motlow State Community College.

The applicant will be licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The most recent licensure survey occurred on April 12-14, 2010 and no deficiencies were found

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in *Tennessee's State Health Plan.*

STANDARDS AND CRITERIA APPLICABLE TO BOTH RESIDENTIAL AND HOSPICE SERVICES APPLICATIONS

1. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. In this regard, an applicant should demonstrate its willingness to comply with the general staffing guidelines and qualifications set forth by the National Hospice and Palliative Care Organization.

The applicant currently operates in the counties adjacent to the proposed service area and has administrative services, staffing, and in its Tullahoma based main office in Coffee and may establish a new branch office in Perry or Hickman County.

The applicant's current staffing model is 1.0 FTE registered nurse per 14 patients. The applicant projects 19 patients in year one, resulting in an average daily census of 3.5 patients. This results in the need for 0.30 FTE registered nurses to treat these patients. The applicant also is planning on staffing 0.30 FTE home health aides and 0.25 FTE social workers to provide services to residents of the proposed service area.

The applicant currently complies with the staffing guidelines of the National Palliative Care Organization and will continue to do so.

2. **Community Linkage Plan:** The applicant shall provide a community linkage plan that demonstrates factors such as, but not limited to, relationships with appropriate health care system providers/services, and working agreements with other related community services assuring continuity of care focusing on coordinated, integrated systems. Letters from physicians in support of an application shall detail specific instances of unmet need for hospice services.

The applicant has or plans to have contractual and/or working relationships with Lincoln Medical Center, Lincoln Medical Center Home Health, Elk Valley Home Health, Lincoln Donelson Care Center, Fayetteville Care and Rehabilitation Center, United Healthcare, AmeriGroup, BlueCross BlueShield, United Healthcare, Aetna, Cigna, HealthSpring, and Huntsville Hospital.

The applicant plans on establishing working relationships with numerous providers in the proposed service area to secure the availability of services for the residents of the service area.

3. **Proposed Charges:** The applicant shall list its benefit level charges, which shall be reasonable in comparison with those of other similar facilities in the Service Area or in adjoining service areas.

The reported Medicare per diem rate for Hospice in 2012 according to the Joint Annual Report of Hospice: Routine Hospice Care-$132, Continuous Hospice Care-$768, General Inpatient Care-$593, and Respite-Inpatient Care-$141.

4. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 072011-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area.

The applicant will serve all residents of the service area equally. Additionally, the applicant will offer perinatal and pediatric hospice services, as well as palliative care hospice services.

5. **Indigent Care.** The applicant should include a plan for its care of indigent patients in the Service Area, including

a. Demonstrating a plan to work with community-based organizations in the Service Area to develop a support system to provide hospice services to the indigent and to conduct outreach and education efforts about hospice services.

b. Details about how the applicant plans to provide this outreach.

c. Details about how the applicant plans to fundraise in order to provide indigent and/or charity care.

The applicant will work with community-based organizations to develop a support system to provide hospice services by giving presentations at senior centers, community church groups and health councils. Funding for the provision of indigent care is built into Hospice Compassus' budget. Also, Hospice Compassus has a not-for-profit affiliated entity from which it can receive funds if necessary and appropriate.

According to the Joint Annual Report of Hospices 2012 (Final) the applicant provided $172,625 in charity care in 2012.The applicant will continue to provide charity care in the proposed service area.

6. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. Additionally, the applicant should provide documentation that it is, or intends to be, fully accredited by the Joint Commission, the Community Health Accreditation Program, Inc., the Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for hospice services from the Centers for Medicare and Medicaid Services (CMS) or CMS licensure survey.

The applicant participates in the Deyta Family Satisfaction Survey Program, and issues quarterly Quality Initiative Updates to its Tennessee employees to make note of successful satisfaction results and clarify areas for continued improvement. They also collect data on 43 quality indicators as part of its Medicare quality management reporting to the National Quality Registry.

7. **Data Requirements:** Applicants should agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all data as required by the Department of Health and/or the Health Services and Development Agency.

8. **Education.** The applicant should provide details of its plan in the Service Area to educate physicians, other health care providers, hospital discharge planners, public health nursing agencies, and others in the community about the need for timely referral of hospice patients.

Hospice Compassus-The Highland Rim will meet with local providers, including home health agencies, hospitals, and physician groups, to discuss benefits for the patient and the provider associated with hospice care.

NEED

HOSPICE SERVICES

DEFINITIONS

"Service Area" shall mean the county or contiguous counties represented on an application as the area in which an applicant intends to provide Hospice Services and/or in which the majority of its service recipients reside. Only counties with a Hospice Penetration Rate that is less than 80 percent of the Statewide Median Hospice Penetration Rate may be included in a proposed Service Area.

"Statewide Median Hospice Penetration Rate" shall mean the number equal to the Hospice Penetration Rate (as described below) for the median county in Tennessee.

NEED

Need Formula. The need for Hospice Services shall be determined by using the following Hospice Need Formula, which shall be applied to each county in Tennessee:

A / B = Hospice Penetration Rate

Where:

A = the mean annual number of Hospice unduplicated patients served in a county for the preceding two calendar years as reported by the Tennessee Department of Health; and

B = the mean annual number of Deaths in a county for the preceding two calendar years as reported by the Tennessee Department of Health.

Note that the Tennessee Department of Health, Joint Annual Report of Hospice defines "unduplicated patients served" as "number of patients receiving services on day one of reporting period plus number of admissions during the reporting period."

Need shall be established in a county (thus, enabling an applicant to include it in the proposed Service Area) if its Hospice Penetration Rate is less than 80% of the Statewide Median Hospice Penetration Rate and if there is a need shown for at least 120 additional hospice service recipients in the proposed Service Area.

The formula calculates a need for 22 hospice patients. The applicant is an existing provider that provided services to 639, 757, and 775 patients in 2010, 2011, 2012, respectively.

The following formula to determine the demand for additional hospice service recipients shall be applied to each county, and the results should be aggregated for the proposed service area:

(80% of the Statewide Median Hospice Penetration Rate – County Hospice Penetration Rate) x B=

Projected Need for Hospice Services

County	***Hospice Patients Served 2010***	***Hospice Patients Served 2011***	***Mean***	***Total Deaths 2010***	***Total Deaths 2011***	***Mean***	***Hospice Penetration Rate***	***80%***
Lincoln	*93*	*116*	*105*	*368*	*358*	*363*	*0.288*	*22*

Source: Tennessee Mortality Data, 2010-2011 and the Joint Annual Report of Hospices 2010-2011, Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics.

Eighty (80%) of the statewide median hospice penetration rate is 0.348. The applicant meets this criterion.

The service area total need is calculated to be 22. The applicant does not meet the criterion for at least 120 additional hospice service recipients in the proposed Service Area.